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

INSISTENCE

No Animal Testing

Commitment To
Human Safety

No Harmful
Chemical Ingredients

Natural And Organic

Quality Assurance

Premium Source
Of Ingredients

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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
Mr. Wong Siu Ki

Independent Non-executive Directors

Ms. Chan Sze Lai Celine
Ms. Tsang Wing Yee
Ms. Wong Yuen Kwan
(Appointed on 15 December 2022)
Ms. Hung Yuen Wa
(Ceased to act on 15 December 2022)

BOARD COMMITTEES

Audit Committee

Ms. Tsang Wing Yee *(Chairlady)*
Ms. Chan Sze Lai Celine
Ms. Wong Yuen Kwan
(Appointed on 15 December 2022)
Ms. Hung Yuen Wa
(Ceased to act on 15 December 2022)

Remuneration Committee

Ms. Chan Sze Lai Celine *(Chairlady)*
Ms. Yuen Mi Ming Erica
Ms. Wong Yuen Kwan
(Appointed on 15 December 2022)
Ms. Hung Yuen Wa
(Ceased to act on 15 December 2022)

Nomination Committee

Ms. Yuen Mi Ming Erica *(Chairlady)*
Ms. Chan Sze Lai Celine
Ms. Wong Yuen Kwan
(Appointed on 15 December 2022)
Ms. Hung Yuen Wa
(Ceased to act on 15 December 2022)

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

Grant Thornton Hong Kong Limited
Registered Public Interest Entity Auditors
11th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

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

Hang Seng Bank
83 Des Voeux Road Central
Hong Kong

UBS AG
Singapore Branch
9 Penang Road
Singapore 238459

COMPANY WEBSITE ADDRESS

www.mimingmart.com

STOCK CODE

8473

CHAIRLADY'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 to shareholders of the Company (the "Shareholders") the annual results of our Group for the year ended 31 March 2023.

Our Group is a multi-brand retailer, which operates nine 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

Our Group has shown exceptional resilience despite the negative impact of the Novel Coronavirus ("COVID-19") outbreak in early 2020, which caused a decline in consumer sentiment and reduced overall consumer spending. However, we have continuously experienced financial growth since then. For the year ended 31 March 2023, our Group recorded a growth in revenue and gross profit of 6.4% and 5.7%, respectively, as compared to those of the previous year.

Several strategies and actions contributed to the revenue growth for the year ended on 31 March 2023. Firstly, the relocation of our retail shops has attracted more consumer traffic. Besides, we have prioritized improving the online shopping experience for our customers to adapt to the shift in shopping behavior caused by the COVID-19 pandemic. Furthermore, our sales campaigns in collaboration with the consignees have yielded remarkable results.

The Group's profit attributable to the owners of the Company, excluding the (i) subsidies received from the Hong Kong SAR Government under the Employment Support Scheme; (ii) legal and professional fees in relation to the preparation for the transfer of listing application of the Company's shares from the GEM to the Main Board of the Stock Exchange ("Transfer of Listing Application"); and (iii) donations made by the Company has decreased by approximately HK$4.7 million or 19.8% from approximately HK$23.8 million for the year ended 31 March 2022 to approximately HK$19.1 million for the year ended 31 March 2023. This is primarily due to the significant exchange loss of approximately HK$4.2 million recognised during the year ended 31 March 2023, as our Group's bank deposits denominated in various foreign currencies has depreciated against the Hong Kong dollar during the year ended 31 March 2023. The Board has recommended a final dividend of HK0.8 cent per share after reviewing the resilience of the operating profit generated during the year ended 31 March 2023.

CHAIRLADY'S STATEMENT

PROSPECTS

Our Group is confident that digital development is crucial for ensuring sustainable growth and successful development in the future. We aim to strengthen our customer relationships by providing more accurate beauty advice, and to achieve this, we will use our existing business analysis tools and adopt new technologies to analyse our customers' behavior and requirements. Additionally, we will continue to leverage technology to enhance operational efficiency. At the same time, we will continue to explore suitable medium- to long-term investment opportunities for capital appreciation of our Group.

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 for their relentless efforts and input. I will continue to work with my colleagues on the Board and the 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 our Shareholders.

Yuen Mi Ming Erica
Chairlady, Executive Director and Chief Executive Officer
Hong Kong

20 June 2023

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2023, the audited operating results of the Group were as follows:

– the Group's revenue increased by approximately HK$10.4 million or approximately 6.4% from approximately HK$161.0 million for the year ended 31 March 2022 to approximately HK$171.4 million for the year ended 31 March 2023.

– the Group recorded a gross profit of approximately HK$110.3 million for the year ended 31 March 2023 (2022: HK$104.3 million), representing an increase of approximately 5.7% as compared to that for the previous year.

– profit attributable to the owners of the Company for the year ended 31 March 2023 amounted to approximately HK$20.7 million (2022: HK$20.1 million), representing an increase of approximately 3.1% as compared to that for the previous year.

  Excluding the (i) subsidies received from the Hong Kong SAR Government under the Employment Support Scheme; (ii) non-recurring legal and professional fees in relation to Transfer of Listing Application; and (iii) charity donation made in respective years, the Group's profit attributable to owners of the Group for the year ended 31 March 2023 amounted to approximately HK$19.1 million (2022: approximately HK$23.8 million). This is primarily due to the significant exchange loss of approximately HK$4.2 million recognized during the year, as the Group's bank deposits denominated in various foreign currencies has depreciated against the Hong Kong dollar during the year. Despite this, the Board has recommended a final dividend of HK0.8 cent per share after considering a relatively stable operating profit generated during the year ending 31 March 2023.

– The Board has recommended a final dividend of HK0.8 cent per ordinary share for the year ended 31 March 2023 (2022: HK0.6 cent per ordinary share), in an aggregate amount of approximately HK$9.0 million (2022: approximately HK$6.7 million), to shareholders of the Company (the "Shareholders") whose names appeared on the register of members of the Company on Friday, 18 August 2023 and it is subject to approval by the Shareholders in the forthcoming annual general meeting.

  During the year ended 31 March 2023, the Board has paid an interim dividend for the six months ended 30 September 2022 of HK1.3 cents per share, in an aggregate amount of approximately HK$14.6 million, on Friday, 30 December 2022 to the Shareholders whose names appear in the register of members of the Company at the close of business on Friday, 2 December 2022 (2022: a special dividend of HK1.8 cents per share, in an aggregate amount of approximately HK$20.2 million, have been paid).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Driven by the Brand'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 its view, would adversely affect or impair the health of its customers. The Group targets to serve and offer its products to customers who are ingredient conscious and aspire to the betterment of their health.

The Group mainly sells products at its retail stores, with a portion through its online shop at www.mimingmart.com and other e-commerce platforms operated by independent third parties, consignees and distributors. The Group also acts as the consignee for some suppliers on a consignment basis whereby the Group is entitled to consignment commissions based on the amount of sales of the consignors' products and the predetermined percentage as agreed between the consignors and the Group. The Group also provides beauty services to its customers.

The Directors believe that the Group's success is attributable to the brand image of the Brand, which emphasises its offer of quality beauty and health products selected by its 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 its marketing strategy, established network of retail stores and the quality products offered by the Group will continue to strengthen its brand image and customer base.

The Group aims to expand its sales network, product portfolio, services offerings and e-commerce business to enhance its competitiveness and maintain its leading position in the small and medium segment of the skincare and cosmetics multi-brand specialty retailers market in Hong Kong. With its 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK$10.4 million to approximately HK$171.4 million for the year ended 31 March 2023 from approximately HK$161.0 million for the previous year, representing an increase of approximately 6.4%. The Directors believe that the increase in revenue was primarily due to (i) an increase in the revenue generated from the sales of the Group's products through its retail shops of approximately HK$4.3 million mainly due to the relocation of its two retail shops in Mongkok and Tuen Mun, which attracted more consumer traffic; (ii) an increase in the revenue generated from the sales of the Group's products of approximately HK$3.4 million through its online shops since online shopping has become a more popular choice for the Group's customers due to the shift in shopping behavior brought on by the COVID-19 pandemic; and (iii) an increase in the sales of the Group's products through its consignees of approximately HK$1.6 million.

For the year ended 31 March 2023, the revenue generated from the sale of our products accounted for approximately 98.1% of our total revenue, whilst the provision of beauty services and consignment commission income accounted for approximately 1.7% and 0.2% of our total revenue, respectively.

Cost of sales

The Group's cost of sales primarily consists of cost of inventories sold, cost of service, commission expenses, and incoming shipping, freight and delivery charges. The cost of sales increased by approximately HK$4.3 million to approximately HK$61.1 million for the year ended 31 March 2023 from approximately HK$56.8 million for the previous year, representing an increase of approximately 7.7%. In addition to the increase in the cost of sales along with the increase in sales during the period, the Group recorded a further increase in the cost of sales as a result of an increase in the proportion of the sales of certain products under an exclusive brand which had a relatively higher cost of sales in general as compared to other products.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK$6.0 million to approximately HK$110.3 million for the year ended 31 March 2023 from approximately HK$104.3 million for the previous year, representing an increase of approximately 5.7%, whilst the Group's gross profit margin slight decreased from approximately 64.7% to approximately 64.3% for the respective years. The slight decrease in the gross profit margin was mainly attributable to the increase in the proportion of the sales of certain products under an exclusive brand which had a relatively higher cost of sales in general as compared to other products.

Other income, gains and losses

The Group recorded a loss of approximately HK$2.6 million for the year ended 31 March 2023 which was primarily attributable to the net effect of (i) an exchange loss amounted to approximately HK$4.2 million recognised upon the translation of the Group's bank deposits denominated in various foreign currencies as a result of the depreciation of those foreign currencies against the Hong Kong dollar during the period; (ii) bank interest income of approximately HK$0.9 million; and (iii) rental income from investment properties of approximately HK$0.6 million. The Group recorded a slight gain of approximately HK$0.4 million for the year ended 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately HK$0.7 million to approximately HK$38.9 million for the year ended 31 March 2023 from approximately HK$38.2 million for the previous year, representing an increase of approximately 1.9%. The increase was primarily due to the net effect of (i) an increase in rental expenses of retail stores of approximately HK$0.6 million; (ii) an increase in marketing expenses of approximately HK$0.4 million; (iii) an increase in depreciation expenses of retail stores of approximately HK$0.4 million; and (iv) a decrease in staff costs for sales staff of approximately HK$0.9 million mainly due to the receipt of subsidies of approximately HK$1.0 million from the Hong Kong SAR Government under the Employment Support Scheme for the year ended 31 March 2023.

Administrative and operating expenses

Administrative and operating expenses increased by approximately HK$2.1 million to approximately HK$43.1 million for the year ended 31 March 2023 from approximately HK$41.0 million for the previous year, representing an increase of approximately 5.0%. Such increase was primarily due to the net effect of (i) increase in Directors' remuneration of approximately HK$4.2 million mainly as a result of a provision of unused leaves made during the period in accordance with a newly adopted company policy; and (ii) decrease in donation of approximately HK$2.4 million.

Expected credit loss on trade receivables

For the year ended 31 March 2023, the Group did not have any expected credit losses on trade receivables (2022: HK$0.4 million).

Finance costs

Finance costs primarily consists of interest expenses on the lease liabilities and bank borrowing. The finance costs remained relatively stable at approximately HK$0.7 million for the year ended 31 March 2023 as compared to that for the previous year.

Income tax expense

For the years ended 31 March 2022 and 2023, the Group's income tax expense remained relatively stable at approximately HK$4.2 million and HK$4.3 million respectively, representing an effective tax rate of approximately 17.1% and 17.2% respectively.

Net profit for the year

As a result of the foregoing, the Group's net profit increased by approximately HK$0.6 million or approximately 3.1% from approximately HK$20.1 million for the year ended 31 March 2022 to approximately HK$20.7 million for the year ended 31 March 2023, whilst the Group's net profit margin decreased from approximately 12.5% to approximately 12.1% for the respective years.

GEARING RATIO

As at 31 March 2023, the Group did not have any bank borrowings or other borrowings and therefore, gearing ratio is not applicable (31 March 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 March	
	2023	2022
Current ratio (Note)	**3.5**	4.5

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

The Group's financial position remains healthy. As at 31 March 2023, the Group's bank balances and cash and time deposits with original maturity of more than three months were amounted to HK$70.7 million (31 March 2022: HK$92.3 million). The current ratio of the Group as at 31 March 2023 was 3.5 times as compared to that of 4.5 times as at 31 March 2022. The decrease in current ratio was mainly due to the net effect of the (i) payment of the final dividend for the year ended 31 March 2022 and interim dividend for the six months ended 30 September 2022 during the year ended 31 March 2023; (ii) acquisition of residential properties located in Japan and the USA; and (iii) operating cash inflow during the year ended 31 March 2023. For details of the acquisition of the Japan property, please refer to the announcements of the Company dated 31 May 2022 and 6 June 2022.

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, bank balances and cash, time deposits with original maturity of more than three months, 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.

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

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2023, the Group is exposed to foreign exchange risk arising from various currencies, primarily with respect to bank deposits denominated in the United States dollars, Australian dollars and New Zealand dollars. For the bank deposits denominated in the United States dollars and Australian dollars, the Directors consider that maintaining the said foreign currencies for payment of purchase for at least six months and keeping of about three months' inventory, with reference to its historical purchases, will provide the Group with a sufficient buffer to minimise the Group's exposure to the fluctuation in those 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.

SIGNIFICANT INVESTMENTS

As at 31 March 2023, there was no significant investment held by the Group (2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Shares of the Company (the "Shares") were successfully listed on the GEM of the Stock Exchange 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 2023, the Group did not have any significant capital commitments (2022: an amount of USD7,500 (equivalent to approximately HK$59,000) has been paid as deposit for the acquisition of a residential property located in the United States (the "US Property"). The outstanding capital expenditure in respect of the acquisition of the US Property amounted to USD737,500 (equivalent to approximately HK$5,753,000 and was paid upon the completion of acquisition on 27 May 2022)).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liabilities (2022: nil).

DIVIDEND

The Board has recommended a final dividend of HK0.8 cent per ordinary share for the year ended 31 March 2023 (2022: HK0.6 cent per ordinary share), in an aggregate amount of approximately HK$9.0 million (2022: HK$6.7 million), to Shareholders whose names appeared on the register of members of the Company on Friday, 18 August 2023 and it is subject to the approval by the Shareholders in the forthcoming annual general meeting.

During the year ended 31 March 2023, the Board has paid an interim dividend of HK1.3 cents per share, in an aggregate amount of approximately HK$14.6 million, on Friday, 30 December 2022 to the Shareholders whose names appear in the register of members of the Company at the close of business on Friday, 2 December 2022 (2022: a special dividend of HK1.8 cents per share, in an aggregate amount of approximately HK$20.2 million, have been paid).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of a good relationship with its employees. The Directors believe that the work 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 management and industry and product knowledge of the employees. The Directors believe such training programs will equip the employees with skills and knowledge to enhance the Group's services to its customers.

A Remuneration Committee has been set up since the Listing for reviewing the Group's emolument policy and structure of all the 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.

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.

As at 31 March 2023, the Group employed a total of 87 (2022: 84) full-time employees and 11 (2022: 13) part-time employees. The staff costs, including Directors' emoluments, of the Group for the year ended 31 March 2023 was approximately HK$41.7 million (2022: HK$38.9 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, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2023, the Group did not have a plan for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The total net proceeds from the share offer through the Listing was approximately HK$45.7 million. As at 31 March 2023, the net proceeds from the share offer was fully utilised. An analysis of the planned usage of net proceeds up to 31 March 2023 and the actual utilisation are set out below:

	Use of proceeds as disclosed in the prospectus dated 30 January 2018 (the "Prospectus") (adjusted on a pro rata basis on the actual net proceeds) HK$'000	Use of proceeds as disclosed in the Prospectus (adjusted on a pro rata basis on the actual net proceeds and subsequently adjusted according to the announcements entitled "Change in use of proceeds" and "Further change in use of proceeds" dated 9 March 2020 and 13 August 2021) HK$'000	Actual usage of net proceeds up to 31 March 2023 HK$'000	Unutilised net proceeds as at 31 March 2023 HK$'000
Expand its retail network by opening more retail stores and refurbishing its existing retail stores	16,215	13,215	13,215	–
Acquire a warehouse	13,181	13,181	13,181	–
Expand its product portfolio and explore new suppliers	1,581	1,581	1,581	–
Enhance its marketing strategies by expanding and exploring more effective online marketing strategies, transforming its website as a lifestyle information portal, revamping its online shop and deploying more mainstream media	10,591	10,591	10,591	–
Conduct system improvement and integration	1,533	1,533	1,533	–
Enhance the Group's existing self-operated online shop	–	1,000	1,000	–
Develop and utilise the retail analytics solutions	–	2,000	2,000	–
General working capital	2,614	2,614	2,614	–
	45,715	45,715	45,715	–

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Yuen Mi Ming Erica (袁彌明), aged 42, is an Executive Director, chairlady of the Board and the Chief Executive Officer of the Company. She is also the chairlady of the Nomination Committee and a member of the Remuneration Committee. She 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 the Company on 11 January 2017. Ms. Erica Yuen is also a director of Inwell International Limited, Rosy Horizon Global Limited, Universal Benefits Company Limited, Mi Ming Investment Limited, CI CI Investment Limited and Inwell US Limited, and together with Ms. Mimi Yuen, established the business of the 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 the Group. Ms. Erica Yuen is the sister of Ms. Mimi Yuen, spouse of Mr. Lam Yue Yeung Anthony and sister-in-law of Mr. Cheung Siu Hon Ronald.

Ms. Erica Yuen has over 15 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 which include drama and variety shows. From 2007 to 2009, Ms. Erica Yuen had been a columnist for several newspapers 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 more than ten years of marketing experience in the skincare and cosmetics industry and health supplement industry since 2009 when the 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 50, 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 the Group together with Ms. Erica Yuen back in 2009, she has accumulated more than 12 years of experience in the skincare and cosmetics industry and health supplement industry. Ms. Mimi Yuen is also a director of Inwell International Limited, Universal Benefits Company Limited, Mi Ming Investment Limited, CI CI Investment Limited and Inwell US Limited. She is responsible for the establishment and optimisation of the Group's day-to-day operations, in particular, overseeing the operational processes, resources allocation and cross-departmental cooperation. Ms. Mimi Yuen also oversees the accounting and human resources departments. Ms. Mimi Yuen is the sister of Ms. Erica Yuen, 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 46, 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 Twoods (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 43, 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. From January 2015 to October 2021, Mr. Cheung joined Shun Sang (H.K.) Company Limited with his last position as an assistant sales manager, where he was 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.

Mr. Wong Siu Ki (黃兆祺), aged 32, was appointed as a Non-executive Director on 11 June 2021.

Mr. Wong has been appointed as an Executive Director of EJE (Hong Kong) Holdings Limited, formerly known as Jia Meng Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8101) from December 2015 to December 2018.

Mr. Wong obtained a Bachelor's Degree of Social Science in Economics from The Chinese University of Hong Kong in November 2014 and a Master's Degree of Science in Corporate Governance and Compliance from the Hong Kong Baptist University in November 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Chan Sze Lai Celine (陳思例) ("Ms. Chan"), aged 43, was appointed as an Independent Non-executive Director on 23 January 2018. She is also the chairlady of the Remuneration Committee, a member of the Nomination Committee and a member of the Audit Committee.

Ms. Chan has over 12 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 optimise 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. From October 2019 to August 2020, Ms. Chan has been appointed as Associate Director (Innovation Development) in the Office of Innovation Enterprise of The Chinese University of Hong Kong. From September 2020 to February 2021, Ms. Chan has been appointed as Assistant Registrar in the Li Ka Shing Faculty of Medicine of The University of Hong Kong. Since February 2021, Ms. Chan has been appointed as Chief Operating Officer of Centre for Novostics Limited.

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 from The University of Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Tsang Wing Yee (曾詠儀), aged 51, was appointed as an Independent Non-executive Director on 23 January 2018. She is also the chairlady of the Audit Committee.

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.

Ms. Wong Yuen Kwan (黃婉君) ("Ms. Wong"), aged 46, was appointed as an Independent Non-executive Director on 15 December 2022. She is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Ms. Wong has over 18 years of experience in the banking industry. She was employed by The Hongkong and Shanghai Banking Corporation Limited under the HSBC Group from October 2002 to November 2011 with her last position as an associate director. From January 2012 to July 2021, Ms. Wong rejoined HSBC Group with her last position as a director responsible for regional lending and portfolio management.

Ms. Wong obtained a Bachelor's Degree in Business Administration from the Simon Fraser University in Canada in February 1999.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Ho Man Dic (何文迪), aged 45, 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 36, was appointed as our Company Secretary on 11 January 2017. He was our Finance Manager since January 2016. He was promoted to the position of Financial Controller in January 2017 and further promoted to the position of Chief Financial Officer in September 2022. 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 CULTURE

The Group is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Group believes that shareholder interests will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

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 were listed on the GEM of the Stock Exchange on the Listing Date. Except for code provision C.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 "Chairlady 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 has been 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 regularly reviews the contribution of the Directors in performing their duties.

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
Mr. Wong Siu Ki

Independent Non-executive Directors
Ms. Chan Sze Lai Celine
Ms. Tsang Wing Yee
Ms. Wong Yuen Kwan *(Appointed on 15 December 2022)*
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2022)*

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 14 to 18 of this annual report.

CORPORATE GOVERNANCE REPORT

Board Meetings and Directors' Attendance Records

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

The Board has held 6 meetings during the year ended 31 March 2023 and the Directors' attendance records are as follows:

Name of Directors	Attendance
Ms. Yuen Mi Ming Erica	6/6
Ms. Yuen Mimi Mi Wahng	6/6
Mr. Cheung Siu Hon Ronald	6/6
Mr. Lam Yue Yeung Anthony	6/6
Mr. Wong Siu Ki	6/6
Ms. Chan Sze Lai Celine	5/6
Ms. Tsang Wing Yee	6/6
Ms. Wong Yuen Kwan *(Appointed on 15 December 2022)*	1/1
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2022)*	4/5

Chairlady and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of Chairlady 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 the 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 the Group since 2009 and is a prominent social media icon on one of the most popular social media platforms in Hong Kong. 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.

CORPORATE GOVERNANCE REPORT

In order to ensure that independent views and input of the Independent Non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the Independent Non-executive Directors including the following:

(1) required character, integrity, expertise, experience and stability to fulfill their roles;

(2) time commitment and attention to the Company's affairs;

(3) firm commitment to their independent roles and to the Board;

(4) declaration of conflict of interest in their roles as Independent Non-executive Directors;

(5) no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and

(6) the Chairlady meets with the Independent Non-executive Directors regularly without the presence of the Executive Directors.

The Company has further 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.

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.

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, Ms. Yuen Mi Ming Erica, Ms. Yuen Mimi Mi Wahng, Mr. Wong Siu Ki and Ms. Wong Yuen Kwan (appointed by the Board on 15 December 2022 and whose appointment will end at the forthcoming annual general meeting), will retire but being eligible, offer themselves for re-election at the annual general meeting to be held on 28 July 2023 (the "2023 AGM") 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.

CORPORATE GOVERNANCE REPORT

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.

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. The Diversity Policy has been revised and adopted by the Board on 20 June 2023 which 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, ethnicity, cultural and educational background, skills, knowledge, professional experience and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Company.

There is an appropriate balance of diversity in the composition of the Board and senior management, which comprised members of both gender. All appointments of Directors and senior management will take into account the benefits of diversity and the aim to develop a pipeline of potential successors to the Board. As at 31 March 2023, the Board and senior management comprised of 50% male and 50% female.

CORPORATE GOVERNANCE REPORT

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

	Age Group		
Name of Directors	**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		✓	
Mr. Wong Siu Ki	✓		
Ms. Chan Sze Lai, Celine		✓	
Ms. Tsang Wing Yee			✓
Ms. Wong Yuen Kwan *(Appointed in 15 December 2022)*			✓
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2012)*			✓

	Professional Experience				
Name of Directors	**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		✓			✓
Mr. Wong Siu Ki			✓		
Ms. Chan Sze Lai, Celine	✓				
Ms. Tsang Wing Yee			✓		
Ms. Wong Yuen Kwan *(Appointed in 15 December 2022)*			✓		
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2012)*					✓

CORPORATE GOVERNANCE REPORT

Measurable Objectives and Selection

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 GEM 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 records 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 2022 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	✓	✓
Mr. Wong Siu Ki	✓	✓
Independent Non-Executive Directors		
Ms. Chan Sze Lai Celine	✓	✓
Ms. Tsang Wing Yee	✓	✓
Ms. Wong Yuen Kwan	✓	✓

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 chairlady and members of each Board committee is set out under "Corporate Information" on page 3.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Chan Sze Lai Celine, Ms. Tsang Wing Yee, Ms. Hung Yuen Wa (ceased to act on 15 December 2022) and Ms. Wong Yuen Kwan (appointed on 15 December 2022). 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 websites 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 auditor, 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 4 meetings during the year ended 31 March 2023 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 auditor, 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 *(Chairlady)*	4/4
Ms. Chan Sze Lai Celine	4/4
Ms. Wong Yuen Kwan *(Appointed on 15 December 2022)*	1/1
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2022)*	3/3

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 and Ms. Hung Yuen Wa (ceased to act on 15 December 2022), Independent non-executive Director and Ms. Wong Yuen Kwan (appointed on 15 December 2022), 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. The Board has revised the Terms of Reference of the Remuneration Committee on 27 January 2023 which was previously adopted on 23 January 2018. A copy of the revised 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 at least once every year. The Remuneration Committee has held 3 meetings during the year ended 31 March 2023.

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

Name of Members of the Remuneration Committee	**Attendance**
Ms. Chan Sze Lai Celine *(Chairlady)*	3/3
Ms. Yuen Mi Ming Erica	3/3
Ms. Wong Yuen Kwan *(Appointed on 15 December 2022)*	1/1
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2022)*	1/2

Details of the remuneration of the senior management by band are set out in note 10 in the Notes to the Audited Financial Statements for the year ended 31 March 2023.

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 and Ms. Hung Yuen Wa (ceased to act on 15 December 2022), Independent non-executive Director and Ms. Wong Yuen Kwan (appointed on 15 December 2022), 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 2 meetings during the year ended 31 March 2023.

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

Name of Members of the Nomination Committee	Attendance
Ms. Yuen Mi Ming Erica *(Chairlady)*	2/2
Ms. Chan Sze Lai Celine	2/2
Ms. Wong Yuen Kwan *(Appointed on 15 December 2022)*	0/0
Ms. Hung Yuen Wa *(Ceased to act on 15 December 2022)*	1/2

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.

CORPORATE GOVERNANCE REPORT

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 a new Director and the 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 the Board/shareholders to appoint the appropriate candidate for directorship; and

(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 A.2.1 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.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of the Company is committed to complying with the 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 (including environmental, social and governance ("ESG")-related risks) it is willing to take to achieve the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management (including those for ESG-related risks) and internal control systems (including those for ESG-related risks). Such systems are designed to manage rather than eliminate the risk (including those for ESG-related risks) 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.

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, financial reporting and the Group's ESG performance and 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 an 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 May 2023 and confirmed that the systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

Anti-Corruption Policy and Whistleblowing Policy

The Group regards honesty, integrity and fair play as its core values that must be upheld by all directors and staff of the Group at all times, as such, the Group has its anti-corruption policy (the "Anti-Corruption Policy") which sets out the guidelines and responsibilities for all Directors and staff. The Group has adopted a whistleblowing policy (the "Whistleblowing Policy") which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "Third Parties", each a "Whistleblower"), in confidence, without fear of reprisals.

For more details of the Anti-Corruption Policy and Whistleblowing Policy, please refer to our ESG Report from page 35 to 64 of this annual report.

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 Act 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.

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 2023.

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 auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 79 to 83.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

An analysis of the remuneration to the external Auditor of the Company, Messrs. Grant Thornton Hong Kong Limited, in respect of audit services for the year ended 31 March 2023 is set out below:

Service Category	Fees Paid/Payable HK$'000
Audit Services	860

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 during the year ended 31 March 2023.

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.

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 voting rights (on a one vote per share basis) in requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the capital of the Company. 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 and adding resolutions to the agenda of meeting 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.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders and investor relations

The Group has in place a Shareholders' Communication Policy (the "Policy") to ensure that Shareholders' view and concerns are appropriately addressed. 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.

The Board has carried out annual review on the Policy and considered that such policy has been properly implemented during the year under 31 March 2023.

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

To conform to the current requirements of the GEM Listing Rules, including but not limited to the core shareholder protection standards as set out in Appendix 3 to the GEM Listing Rules, the Company has adopted the second amended and restated memorandum and articles of association (the "Second Amended and Restated M&A") by the Shareholders by way of a special resolution at the 2022 annual general meeting held on 16 September 2022. The full text of the Second Amended and Restated M&A has been published on the websites of the Company and the Stock Exchange on 16 September 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING STANDARD, PERIOD AND SCOPE

This environmental, social and governance report (hereinafter referred to as "ESG Report") has been 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 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 2022 to 31 March 2023 (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 (2022:12) locations which include the head office, ten retail stores and the warehouse which are all located in Hong Kong.

The Company adheres to the four fundamental reporting principles set out in the ESG Reporting Guide set out in Appendix 20 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "ESG Reporting Guide") in the preparation of the ESG report. These reporting principles and the way the Company applies these in the ESG report are set out below:

Reporting Principles	How it is applied to this ESG report
Materiality	This ESG Report covers the key environmental and social issues which are of concern to different stakeholders. These material environmental and social issues have been identified by the Board, the Audit Committee and the management through discussion and engagement with different stakeholders. The identification process of substantive issues and the matrix of substantive issues and the internal and external dimensions are disclosed in this ESG report, further details of which are set out in the "Stakeholder Engagement and Materiality Assessment" section.
Quantitative	Information on the standards, methodologies, assumptions and/or calculation used, and source of key emission and conversion factors used for both quantitative environmental and social key performance indicators ("KPIs") are disclosed in this ESG Report. Details of this information are all set out in the notes section following the relevant KPIs.
Balance	This ESG report provides an unbiased picture of the Group's performance during the Reporting Period. Information is disclosed in an objective manner, avoid selections, omissions, or presentation formats that may inappropriately influence the judgment made by readers.
Consistency	For the purpose of enhancing and maintaining the comparability of ESG performances over time, consistent reporting and calculation methodology are applied by the Group as far as practicable to allow for meaningful comparison. Any changes that could affect a meaningful comparison of the KPIs will be disclosed accordingly.

This ESG Report has been prepared in both Chinese and English, and in case of any discrepancy or inconsistency between the two versions, the English version shall prevail.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR BACKGROUND

Since the 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.

BOARD CONFIRMATION

The Board and the management have reviewed and endorsed the ESG material assessment and this ESG Report on 20 June 2023.

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 our stakeholders, enhancing and supporting to the Group's sustainability development. The Board, working together with the management has taken on the overall responsibility to set the appropriate ESG strategies for the Group in order that it can assess and identify ESG risks and opportunities, tackle ESG related issues, build the data collection mechanism necessary for the purpose of ESG reporting, and allocate Group's resources effectively to respond to its ESG related risks. Additionally, the Board 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 have assimilated our ESG strategies and concepts into our daily operations at the workplace, through establishing various policies and guidelines, and the implementing various ESG measures, so that each of our employees becomes the ambassador of our sustainability vision. Through our employees we can ensure that the scope of this ESG efforts is sufficiently broad to cover the significant parts of our businesses.

The Group's regulatory framework and functions on ESG matters are as follows:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regulatory functions	Regulatory content
Board of Directors	• Take overall responsibility for assessing the key ESG risks faced by the Group (such as supplier management, understand the sustainable needs of society, etc., and other major ESG issues related to the Group). • Take overall responsibility for assessing and determining the nature and extent of risks, including ESG risks, that the Group is willing to accept in achieving its strategic objectives, and establish and maintain appropriate and effective risk management and internal control systems.
Audit Committee	• Assist the Board to lead the management in overseeing the design, implementation and monitor the risk management and internal control systems.
External Professional Consultant	• Conduct annual independent reviews of risk management and internal control systems. • Ensure that the procedures used to identify, assess and manage material risks properly and identify the key features of risk management and internal control systems.
Head of each business department	• Ongoing assessment and identification of risks that may potentially affect the Group's business and various aspects, including ESG risks in the course of operations and lack of internal controls. • Report any identified risks to the management.

The Board identifies the Company's ESG risks through industry comparisons, appoints a professional external team to evaluate the Group's analysis and monitor the latest regulatory requirements which include global economic risk, outflow of talent risk and customer information security, etc.

For the identified ESG risks, the Company mainly evaluates the materiality of the risks to the Company from these aspects which include (i) the likelihood of occurrence: use the occurrence of past operations to estimate the frequency of future occurrence and (ii) the degree of impact: such as financial aspect, compensation, fines, new revenue stream or new markets that may be brought by the ESG matters.

By using a top-down approach, we assimilate ESG concepts into our daily operations at the workplace through policies and guidelines, so that each of our employees becomes an ambassador of the sustainability efforts, thus ensuring that the scope of the ESG coverage is sufficiently broad to cover the significant parts of our businesses. Our employees are responsible for complying with different ESG related policies and executing accordingly with the Group's ESG works while the ESG Working Group is responsible for the collection of data, disclosure of information, and notification to the Board in a timely manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder Engagement

The Group values the engagement with its stakeholders and endeavours to understand and accommodate their views and interests related to ESG, through constructive communication and the fostering of strong work 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.

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

Stakeholder groups	Expectations	Typical communication channels
Customers	➢ Product quality ➢ Product safety and responsibility ➢ Product price ➢ Return policy ➢ Introduction of new products	➢ Direct engagements at the company's retail stores ➢ Indirect engagement via various touch points within the Group's digital platforms, handled by designated staff various social media platforms ➢ Regular communication via email or telephone
Suppliers	➢ Stable business relationship ➢ Compliance with environmental standards and requirements ➢ Fair and honest dealing ➢ Timely Information sharing ➢ Timely settlement of payment	➢ Supplier evaluations ➢ Regular communication via email or telephone ➢ Regular progress meetings and/or reports ➢ Face to face meetings including visits on factories
Shareholders and investors	➢ Return on investment ➢ Information disclosure and transparency and disclose relevant and accurate information in a timely manner ➢ Protect the rights and interests of shareholders ➢ Improve corporate governance ➢ Action in compliance with laws and regulations ➢ Anti-corruption	➢ Financial reports, results announcements, press release, circulars and other publicly available information ➢ Regular results briefing towards shareholder and annual general meeting, etc. ➢ Email and phone inquiry about the Company ➢ Roadshows/meeting/calls/conferences with Shareholders/investors ➢ Website information disclosure on HKEX and the Company

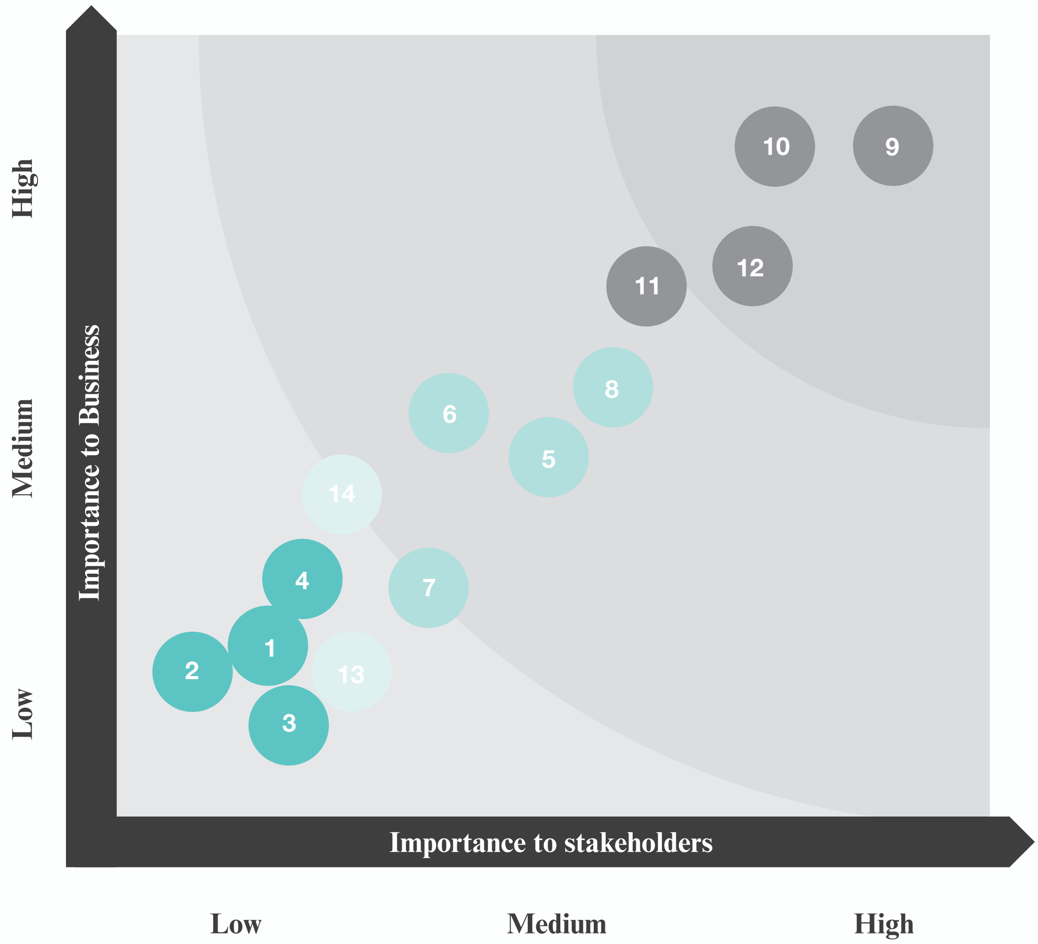
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder groups	Expectations	Typical communication channels
Employees	➢ Vocational Training ➢ Career development and opportunities ➢ Work environment ➢ Health and safety protection ➢ Salary and welfare	➢ Training, seminars and workshops ➢ Mentoring by direct supervisor ➢ Staff 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	➢ Employment opportunities ➢ Ecological environment ➢ Community development and social commonwealth ➢ Enthusiasm towards public welfare ➢ Charitable donations ➢ Reduction in pollutant emissions ➢ Reduction in waste	➢ Charitable activities ➢ Community investment and service ➢ Environmental protection activities ➢ Sponsorships and donations
Media	➢ Transparency of information ➢ Good media relations	➢ Regular press release and update on new product launches ➢ Website information disclosure on 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 the issues in accordance with the ESG aspects as set out in the ESG Reporting Guide. 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.



Environment

1. Environmental compliance
2. Investment in environmental protection
3. Greenhouse gas emissions
4. Waste management

Employee

5. Salary and welfare
6. Health and safety protection
7. Employee diversification
8. Training and career development

Business

9. Product safety
10. Product quality
11. Intellectual property rights
12. Supply chain management

Community

13. Community development
14. Charitable donations and community service

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the results of the material assessment, 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 Employees", "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 adverse 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 (2022: 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);
- Waste Disposal (Clinical Waste) (General) Regulation (Chapter 345O of the Laws of Hong Kong); and
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong).

In this section we will 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 ("CO_2e") during the Reporting Period were as follows:

(Units: tonnes of CO_2e)		For the year ended 31 March 2023		2022	
Greenhouse gas emissions	**Emission source(s)**	**Volume emitted**	**Intensities** (Note 1)	**Volume emitted**	**Intensities** (Note 1)
Scope 2					
Energy indirect emissions (Note 2)	Purchased electricity	111.86	11.19	101.19	10.12
Scope 3					
Other indirect emissions	• Electricity uses for fresh water and sewage processing • Paper disposal at landfill	1.94	0.19	–	–

Note 1: Intensities is calculated by dividing the volume emitted by the number of retail stores as at the end of Reporting Period.

Note 2: Energy indirect emissions are calculated with reference to the "How to prepare an ESG Report? – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX.

The Group's vehicle is in minimal use during the Reporting Period, thus, the Group has made an assessment and decided not to compile this information for the purpose of disclosure in this ESG Report. 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. However, the Group will continue to monitor the business closely and may make disclosure for direct (Scope 1) GHG emission in the future should it be become material and cost-effective to do so.

Energy indirect (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 112 (2022: 101) tonnes of Scope 2 GHG emissions were emitted, representing a monthly average emission of approximately 9.3 (2022: 8.4) tonnes.

With regard to emission reduction, during the Reporting Period there was no plan to establish emission targets for Scope 1 direct GHG emissions as (i) the use of Group's vehicles in business operation was minimal, and (ii) the relevant air emissions and direct GHG emissions produced were less material to our business and stakeholders when comparing to other ESG issues. If there is a subsequent change in the business model which involves significant increases in Scope 1 GHG emission, the Group will evaluate the need to set emission targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Scope 2 energy indirect emissions were a result of head office, retail stores and warehouse electricity consumption, which is material to the Company's business operation, thus a target for Scope 2 GHG emissions was set in 2022. The target is to maintain the intensity of 10.12 tonnes of CO_2e per retail store if there is no material change in our business mode. In order to achieve this target, the Company has put great emphasis on energy and resource conservation, details are explained in a later section titled "Environmental Protection Measures". However, as the COVID-19 gradually got under control, we saw some growth in our offline business and therefore slightly exceeded our target in this 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 showed that the Group has managed the emission level effectively. These will be detailed in the later section headed "Environmental Protection Measures".

Wastes

During the Reporting Period, the Group did not generate any hazardous waste and there was no discharge into water and land (2022: nil) and thus there is no plan to set a goal for the reduction of hazardous waste. If there is a subsequent change in our business model which involves the discharge of hazardous wastes, the Group will evaluate the need to set target.

Wastes generated by the Group are 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 various waste reduction measures implemented in the Group, the amount of wastes generated during the Reporting Period were negligible. As the non-hazardous wastes are currently negligible and in the interest of cost-effectiveness, there is no plan to set a goal to reduce non-hazardous waste.

Waste reduction 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 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 is electricity. Electricity 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 water is mainly used in the pantries and toilets. There is no sourcing issue for water consumed during the Reporting Period. In the interest of cost-effectiveness, there is no plan to set a goal to reduce water resource. If there is a subsequent change in our business model which involves significant increases in water usage, the Group will evaluate the need to set target.

Paper resource is mainly for printing at the head office. By our efforts, the consumption of paper has been significantly reduced during the Reporting Period. If there is a subsequent change in our business model which involves significant increases in paper usage, the Group will evaluate the need to set target.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Both energy and resource conservation are essential parts of the Company ESG strategy. The Company will continue to keep track of our consumption on energy and resources and implement corrective action to align with the environmental conversation goal of the Company. Further details on the implementation of these ESG measures are described in the later section titled "Environmental Protection Measures".

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

		For the year ended 31 March			
		2023		2022	
Energy and Resources Consumption	**Units**	**Consumption amount**	**Intensities** *(Note 1)*	**Consumption amount**	**Intensities** *(Note 1)*
Electricity	kWh	194,965	19,497	172,783	17,278
Water	Tonnes	87	9	128	13
Paper	kg	393	39	480	48

Note 1: Intensities are calculated by dividing the consumption amount by the number of retail stores as at the end of Reporting Period.

The energy and resource consumption during the Reporting Period remains fairly low. Our energy and resources conservation measures will be detailed in the later section headed "Environmental Protection Measures".

Packaging materials

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

	For the year ended 31 March			
	2023		2022	
Type	**Consumption amount** *(Note 2)*	**Intensities** *(Note 1)*	**Consumption amount** *(Note 2)*	**Intensities** *(Note 1)*
Bottles and droppers	5.36 tonnes	39.3 grams	6.53 tonnes	47.9 grams
Boxes	1.23 tonnes	10.2 grams	1.49 tonnes	12.3 grams

Note 1: Intensities 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

The Group is principally engaged in the retailing of beauty and health products to customers. Hence apart from the use of resources as mentioned in the previous sections, the Group does not consume other natural resources in the process of its business. Additionally, the Group is dedicated to selecting products that is environmental friendly and hence the adverse impact on the environment or natural resources was minimal during the Reporting Period.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 the business operation with the overall ESG strategy through the effective implementation of the following measures, which are regularly carried out in the course of our business operations:

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

- In addition to written guidelines, the Group has also invested resources in exploring environmental-friendly products and equipment, for instance, the 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 selecting 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 our customers to bring their own bags to purchase 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 mainly 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

Aspect A4: Climate Change

The Company acknowledges that climate change poses different kinds of risks as well as opportunities to the Company's operations. According to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), climate risks are classified into transitional risks, representing the adaptation challenges that companies may face in terms of policies, laws, technologies and markets and physical risks, representing the impact that extreme weather events may have on companies.

For physical risks, examples include bad weather such as extreme cold or heat, heavy rain, storm, typhoon, and other extreme weather events that can disrupt operations by damaging power grid, communication infrastructures, obstructing and injuring our staff on the way to work or during their work, and also disastrous events incidental to this weather such as the fire hazard from overheated equipment in severe heat waves caused by global warming. All these events may bring severe negative impact to the Company's operations. For transformation risks, which means the risks faced by the Group, include the introduction of policies related to energy conservation and emission reduction, stricter emission reporting obligations and compliance requirements, etc.

In response, the Company will identify these risks and prioritise those which have severe adverse impact to take precaution measures. The Company will also identify, if any, opportunities that may change the business processes, for instance, staff may switch to use online video conference methods to communicate so that these severe impact to operations may be mitigated or avoided. By doing so, the Company ensures long-term resilience and sustainability in the face of climate change challenges.

OUR EMPLOYEES

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, hence, we are committed to providing our employees with a fair and equitable workplace environment. In this section we will 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 work 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).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

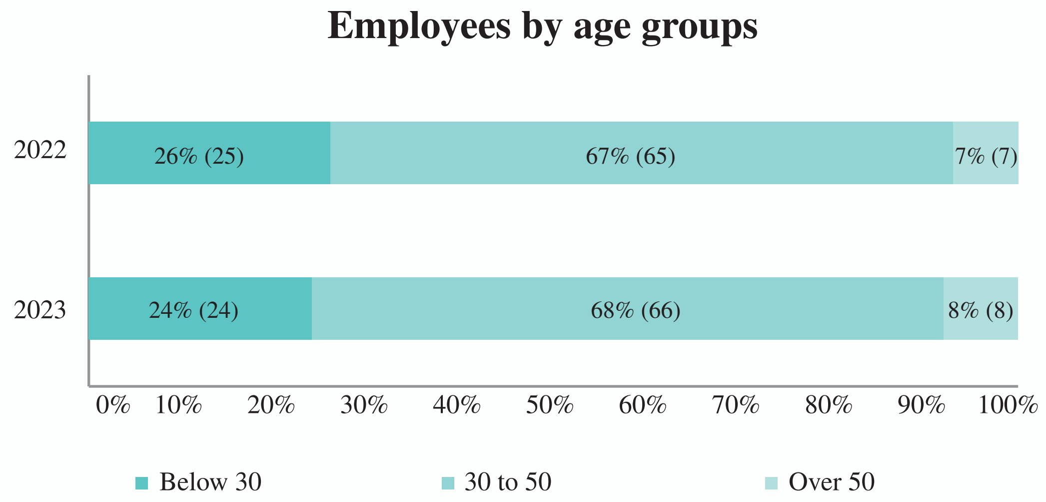
To further protect the interests of the employees, the Group has set out in the staff handbook a set of human resources policies in respect of recruitment, employment, working hour, remuneration, commission, salary adjustment, termination of employment, leave entitlements and other employee benefits, 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 limits.

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".

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 98 employees as at the end of Reporting Period (2022: 97), all employed in Hong Kong. The workforce categorised by age groups is depicted below:



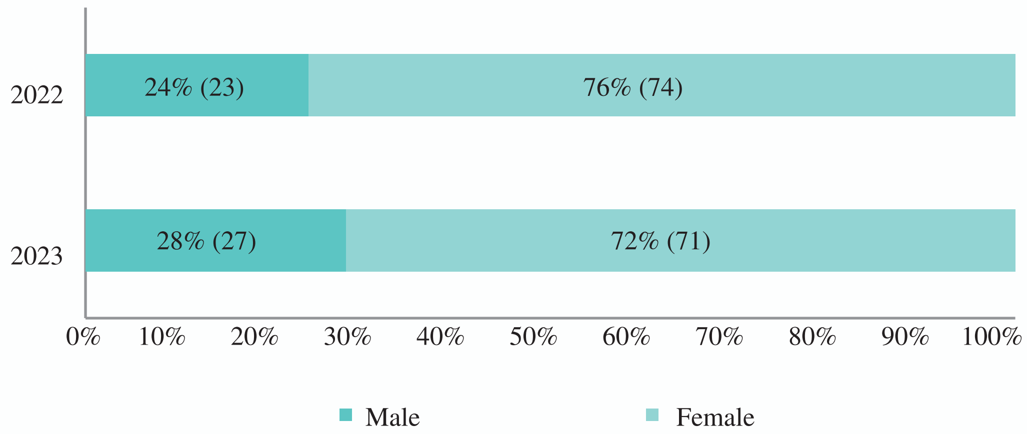
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In total there were 82 (2022: 78) general staff, 12 (2022:15) middle management employees, and 4 (2022: 4) senior management employees. Employees in the senior management roles are Chief Executive Officer, Executive Director, Chief Financial Officer 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.

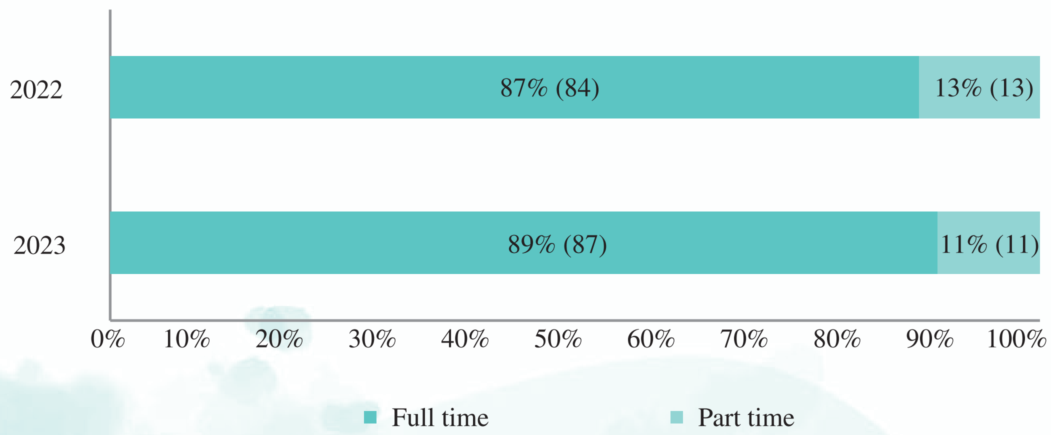
As at end of Reporting Period, our workforce was predominantly in the "30 to 50" age group, accounting for 68% (2022: 67%) of the workforce, while approximately 24% (2022: 26%) belonged to the "below 30" group, and the remaining approximately 8% (2022: 7%) belonged to employees over 50 years old.

The workforce categorized by gender and employment type are depicted below:

Employees by gender



Employees by employment type



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There were 71 (2022:74) female and 27 (2022: 23) male employees, with a female-to-male ratio of approximately 3:1 similar to 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 female customers, such as make-up and cosmetic products.

The majority of the Group's employees are employed full-time. As at the end of Reporting Period, there were 87 (2022: 84) full-time versus 11 (2022: 13) part-time employees. Most of the part-time employees were beauty consultants who work at our retail stores.

Employee turnover

During the Reporting Period, a total of 28 (2022: 42) employees left the Group, of which 23 were male and 25 were female and resulting in an overall turnover rate *(Note 1)* of 29% (2022: 45%). The significant decrease in employees turnover shows an improvement in employees' retention during the Reporting Period.

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

The employee turnover number and rate *(Note 2)* categorized by gender and age groups are depicted below:

	For the year ended 31 March	
	2023	**2022** *(Note 3)*
By gender		
Male	3 (12%)	12 (51%)
Female	25 (34%)	30 (43%)
By age groups		
Below 30	12 (49%)	25 (93%)
30 to 50	16 (24%)	15 (25%)
Over 50	0 (0%)	2 (29%)

Note 1: Overall turnover rate is calculated by dividing the turnover number of employees by the average number of employees at beginning and the end of the year.

Note 2: The employee turnover rate is calculated by dividing the number of turnover employees in that category by the average number of employees at beginning and the end of the year in that category.

Note 3: The percentage calculations are updated with reference to the "How to prepare an ESG Report? – Appendix III: Reporting Guidance on Social KPIs" issued by the HKEX, i.e. dividing the number of turnover employees in that category by the average number of employees at beginning and the end of the year in that category.

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' annual and other 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.

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The Group also invest in its employees by providing numerous training and continuous development opportunities, which will be further discuss 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 its 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 (2022: Nil).

Aspect B2: Health and Safety

The Company acknowledges the significance of employees' occupational health and safety and 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.

Occupational health and safety policies are stipulated in the staff handbook to give guidance and promote awareness to our employees to mitigate the relevant risks. In case of any accidents during work, the relevant employee is required to report to the department supervisor and the Human Resources Department. Employees' Compensation Insurance is provided to employees for injuries at work as stipulated in the Employees' Compensation Ordinance. In order to further foster health and safety awareness among our employees, we have developed training plans which regularly provide training related to occupational health and safety to our employees to equip them with essential knowledge on occupational hazard mitigation. For more details on our employees' training programme, please refer to the next section "Aspect B3: Development and Training".

In addition to policies and staff training, the Group ensures the health and safety of both our customers as well as employees by complying with the latest building and fire safety requirements, with regards to any renovations or modifications of existing retail stores, offices and warehouse, and by our full cooperation with Fire Department of the Hong Kong SAR Government should any inspection is carried out.

The Group had neither significant case of workplace injury, nor work-related fatalities nor lost day due to these injuries for the past three years, including the Reporting Period. The Group had fully complied with the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) relating to the planning, design, construction and obtaining all appropriate and necessary permissions of buildings and associated works, the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) in relation to employee's safety and health protection at workplace, and the subsidiary legislations of these ordinances.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The outbreak of the COVID-19 pandemic is a global health crisis that affects many individuals who include our staff and their friends and families. During the Reporting Period, the Company has monitored the changing situation diligently and response to them as quickly as possible in order to protect the health and safety of our employees and customers. For instance, we had temperature measures for our employees and customers, distributed various protective materials such as masks and anti-bacterial hand sanitiser to employees, had flexible work arrangement and reimbursed the employees if they did the COVID-19 test.

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 our employees have the requisite training to fulfil the continuous professional training requirements of their respective profession. Through the implementation of these policies, the Company has engaged a third-party training institution to construct an annual training schedule that includes a range of internal training opportunities to all our employees. Internal trainings are conducted on topics which include but not limited to corporate culture, retail management, customer experience, communication skills, mental health and health & occupational safety. These trainings enable our staff to keep abreast of the latest developments in safety and health at work, as well as other compliance related matters.

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

In addition, training on product information are held monthly on average for our employees to keep abreast of the latest developments in product knowledge which include new products launch. Suppliers are invited to conduct these training on product information. In order to ensure our employees have acquired relevant knowledge for products after training and to create a positive learning atmosphere among employees, the Company conducts online quizzes on a regular basic.

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During the Reporting Period, our employees had completed a total of approximately 425 training hours (2022: 404) which took place in Hong Kong. Average training hours *(Note 1)* for each employee is approximately 4.35 hours (2022: 4.32). The total training hours during the Reporting Period remain relatively stable as compared to that for the previous year. In the future, the Group will introduce online training and continue to conduct face-to-face training for our employees to further enhance their skills for daily operation needs. Summary of training by gender and by hierarchy is presented as below:

	For the year ended 31 March					
	2023			2022		
	Number and percentage of trained employees *(Note 2)*	Total training hours	Average training hours *(Note 3)*	Number and percentage of trained employees *(Note 2)*	Total training hours	Average training hours *(Note 4)*
By gender						
Male	24 (32%)	159.5	6.38	11 (21%)	80	3.40
Female	52 (68%)	265	3.66	42 (79%)	324	4.63
Total	76 (100%)	424.5	4.35	53 (100%)	404	4.32
By hierarchy						
Senior Management	2 (3%)	16	4.00	3 (6%)	24	6.00
Middle Management	15 (19%)	120	8.89	15 (28%)	128	9.14
General staff	59 (78%)	288.5	3.61	35 (66%)	252	3.54
Total	76 (100%)	424.5	4.35	53 (100%)	404	4.32

Note 1: This average training hours is calculated by dividing the total training hours by the average number of employees at beginning and the end of the year.

Note 2: This percentage is calculated by dividing the number of employees participated in training in that category by the total number of employees who participated in training.

Note 3: This average training hours is calculated by dividing the total training hours in that category by the average number of employees at beginning and the end of the year in that category.

Note 4: The percentage calculations are updated with reference to the "How to prepare an ESG Report? – Appendix III: Reporting Guidance on Social KPIs" issued by the HKEX, i.e. dividing the total training hours in that category by the average number of employees at beginning and the end of the year in that category.

Other than above-mentioned training, the Company organizes 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.

During the Report Period, we organized a company trip to Tokyo, Japan. The journey enhanced the team's bonding and communication.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B4: Labour Standards

The Company attaches great importance to, and strictly abides by all the applicable labour laws and regulations on employment in Hong Kong which include those mentioned in the 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, can be 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 candidates in order to ensure they have already reached the legal working age. We also have a Whistle-blowing Policy for anyone who include the employees to voice their 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”.

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 the approval of their departmental heads is required, in which case overtime compensation are provided in accordance with relevant labour laws and regulations.

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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 (2022: 37) approved suppliers, 26 (2022: 25) from Hong Kong, 6 (2022: 6) from Australia, 2 (2022:1) from the European Union and the remaining 6 (2022: 5) from other countries.

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. These processes ensure that suppliers of products and services, either new or existing, 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 onto the list of approved suppliers only if they meet the new admission criteria, and upon the approval by our Chief Executive Officer.

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Before initiating business with these suppliers, we also obtain the relevant laboratory test report, and arrange samples of the product for ingredient examination internally or through an external laboratory if necessary, or review its ingredients lists to ensure 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. It is updated with reference to 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 currently offering to ensure the safety of our products.

Among many others eco-friendly and socially responsible products the Company has sourced various during the Reporting Period, the brand of products "INIKA" are of particular significance. These 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 INIKA products, some products we offered during the Reporting Period have also been 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 stringent policies and procedures to ensure product quality which differentiates ourselves from our competitors in the industry.

We control the quality of our product by ensuring the quality of their regular shipments, relying on our dedicated Quality Assurance Team to carry out inspection of these products upon arrival. This Quality Assurance Team is responsible for visually inspect all received products for defects and ensure that the ingredients and labelling on the products are as expected. For exceptional cases such as the label has been changed or we have doubt with the product quality, we will communicate with the suppliers immediately for further action.

For product repackaging and labelling services, we follow stringent guidelines given to us by the suppliers and as per our own quality control system to ensure cleanliness. We have post all these guidelines in the repacking and labelling office to make sure all staff can follow. Repacking is done under a dust-free environment where the repackaging and labelling staff need to wear protective gown, hat and gloves before getting into the repackaging and labelling area. The Repackaging and Labelling Team focus on only one product at a time to avoid mixing of different products by mistake. All repacking containers are disinfected by ultraviolet light. Repackaging machines are regularly serviced or replaced once at least every half year. Our Quality Assurance Officer also conducts periodic checks on the repacking and labelling processes to ensure these guidelines are strictly followed and ensure the labelling of the products we sell 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 has been certified by the Hong Kong Quality Assurance Agency ("HKQAA") with the ISO9001:2015 certificate, during which HKQAA also conduct checking every half a year to ensure regular compliance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have complied with the requirement to register as a food importer/distributor with the Food and Environmental Hygiene Department of the Hong Kong SAR Government in accordance with the Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong), as well as laws and regulations relating to the retailing of goods such as the Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) and Product Eco-responsibility Ordinance (Chapter 603 of the Laws of Hong Kong).

Since we rely on the diligence and the effectiveness of our employees for the execution of the quality control system to ensure product quality, hence 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. Also as mentioned in the previous section entitled B3: Development and Training, we provide numerous trainings to our employees to ensure they have the latest product knowledge and the soft skills required to serve our customers well, as well as providing our employees a wide range of staff benefits, promotion and internal transfer opportunities to retain and reward our best employees.

There was 1 product recalled during the Reporting Period (2022: 1 suspended). The product was recalled as there are suspicious that it contains several illness-causing bacteria. Up to the date of this ESG Report, no prosecution has been pursued.

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 documents 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 their contents to ensure that they 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 also maintain a Facebook page which handles complaints from customers and other stakeholders. In case the complaint refers to our products, there would be internal communication within different departments, and communication with suppliers when necessary.

Moreover, in order to have a deeper understanding of our clients' needs, we send satisfaction survey to customers that made purchases in either physical stores or online store after the month of purchase. This satisfaction survey serves the purpose of seeking advice from customers regarding their purchases experience and welcome all kinds of opinion for our services and the products we offer. Opinions collected from customers are consolidated by our staff from the Sales Team and report to the management. Further action for following up is performed when necessary.

During the Reporting Period we have not received any significant complaints (2022: nil).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Protection of Intellectual Property

The Company respects and protects intellectual property rights by strictly complying with the Trade Marks Ordinance (Chapter 559, Laws of Hong Kong). Our Company has taken active steps to protect our trademarks and other intellectual property rights by making the necessary filing of claims or 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 31 (2022: 29) 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 the suppliers when we are aware of counterfeit products and smuggled products in the market, discuss and work closely with the suppliers to determine what 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 own 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 (2022: Nil).

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, including the “Privacy Policy”, to protect and to ensure privacy and confidentiality of data and compliance with data protection laws and regulations. We will obtain consent before we collect the necessary data and use the data only for intended purpose. Data are saved in our system and only authorized positions can input and access to the data, while the salesman in the retail stores can only read the customer membership’s basic information but cannot input, modify or output the data. We will destroy the data when they are no longer required. Our employees are bound by the terms of their employment contracts to ensure that confidential information is properly protected and these information will be kept in strict confidence, and that any information that has come to their possession as a result of their employment with us will not be disclosed to any person without the prior approval of the designated officer(s) of our Company and prevent such information being misappropriated or misused at the same time. We actively prohibit the unauthorized copying, dissemination or disclosure of confidential information, which includes identities and transaction records of customers. Serious consequences will ensue in case of breach of the above-mentioned policies, which may include the termination of employment and/or take legal action against them.

The Company is committed to complying with 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.

During the Reporting Period, the Group has no significant incident or complaint with regards to data privacy (2022: nil).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 prevent of bribery which includes the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

We have incorporated into our Anti-Corruption Policy the effective anti-corruption procedures which include but not limited to, prevention of Bribery Ordinance, prohibition on soliciting and accepting advantages, regulation on entertainment, conflict of interest, use of group assets, confidentiality of information, outside business or employment, prohibition on certain activities with suppliers, contractors and customers. Through the establishment of these policies, we encourage all our 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 to the Company personally or anonymously.

We operate a Whistleblowing Policy in order to encourage and assist whistleblowers to disclose information relevant to misconduct, malpractices or irregularities through a confidential reporting channel without the fear of recrimination. Suspected misconduct cases will be referred to the Compliance Officer, who will review the cases and determine the appropriate mode of investigation and any subsequent corrective action. Recommendations on improvements will be communicated to the respective department's senior management for implementation. All reported cases will be handled by the Company with care and the concerns will be investigated in a fair and proper manner. All reports under the Whistleblowing Policy will be reviewed by the Audit Committee on a biannual basis in order to ensure proportionate action and identify the need for any further policy development.

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 (2022: Nil).

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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 ESG conscious community to support our sustainable growth in the future. The Company encourages its 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 mainly include the following:

- We supported animal welfare initiatives, which strive to ensure the humane treatment and well-being of animals, and donated approximately HK$310,000 to 10 pets non-governmental organizations; and

- We donated HK$250,000 to the Hong Kong Down Syndrome Association dedicated to improving the lives of children with Down Syndrome.

In addition, to focus on the concept of "clean beauty", several advertisement activities have been implemented to raise awareness to environmental protection and health, these activities include Earth Day Promotion, World Environment Day Promotion and Pink Day Promotion.

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Page No.
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P.41
KPI A1.1	The types of emissions and respective emissions data.	P.42
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.42
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.43
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility.	P.43
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	P.42, P.45
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P.45
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P.45
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	P.44
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P.44
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P.43
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P.43, P.45
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P.44

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Page No.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P.44
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.44
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P.46
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P.46
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P.46, P.49, P.50
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P.47, P.48
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P.49
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P.50
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P.50
KPI B2.2	Lost days due to work injury.	P.50

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Page No.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P.50
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.51
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P.52
KPI B3.2	The average training hours completed per employee by gender and employee category.	P.52
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P.46, P.53
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.53
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P.46, P.53
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P.54
KPI B5.1	Number of suppliers by geographical region.	P.54
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P.54
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P.54, P.55
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P.55

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Page No.**
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P.55, P.56
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.56
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P.56
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.57
KPI B6.4	Description of quality assurance process and recall procedures	P.55, P.56
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P.57
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P.58
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P.58
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P.58
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P.58

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page No.
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P.59
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P.59
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P.59

REPORT OF THE DIRECTORS

The Directors present herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2023.

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 and provision of beauty services in Hong Kong. The principal activities and other particulars of the subsidiaries of the Company are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2023 is set out in the sections headed "Chairlady'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.

	Key risks and uncertainties	Management's response to risks and uncertainties
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	The Group's brand image is constantly monitored by the management and the Marketing Department, which will make the necessary adjustments to the marketing and sales strategy as needed.
	We have limited product breadth as compared to other retailers in the Hong Kong skincare and cosmetics multi-brand specialty retailers market	The Group's management and the Business Development Department is planning to expand its product portfolio through various means such as attending trade fairs and exhibitions, conducting feasibility studies, and researching new products and markets.
	The changes in consumer spending patterns and ineffectiveness of promotional activities could materially and adversely affect our business	The Group's Marketing and Sales Department will keep a close eye on any changes in consumer preferences and requirements, and the management and Marketing Department will make the necessary adjustments to the promotion strategy to align with these changes.
Operational Risks	We rely on major suppliers for the supply of branded beauty and health products	Apart from the methods mentioned above to broaden its product range by seeking out new suppliers, the Group has also established exclusive purchase agreements with its major suppliers, which have relatively longer contract terms, to ensure more stable supply relationships.

REPORT OF THE DIRECTORS

	Key risks and uncertainties	Management's response to risks and uncertainties
	We rely on our Board members and senior management staff, and their departure would adversely affect our operations and business	The Group has provided career development opportunities and training resources to groom its staff for promotion to Director or senior management positions, in order to prepare potential successors well in advance of the departure of Board members and senior management staff. Additionally, the Human Resources Department has conducted a review of the market rates of the remuneration of Directors and senior management to ensure that the compensation is to our Directors and senior management competitive in the market.
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	The Director, chief financial officer, and the Accounting Department are responsible for monitoring financial risks and periodically adjusting the financial strategy.
	The property market may experience a recession, both in the industrial and residential sectors, can result in impairment losses for those properties	The Director, chief financial officer, and Accounting Department are responsible for monitoring the property market and implementing asset diversification strategies as needed.
Compliance risks	Risk of breach of product safety requirement, labelling requirement, licensing requirement and risk of change of rules and regulations in Hong Kong	To ensure compliance with the latest rules and regulations, the Group has established standardised operating procedures that all departments must adhere to. Additionally, the Group has engaged a company lawyer to provide legal advice on matters related to Hong Kong law.

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 the 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 this 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 2023 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board has recommended a final dividend of HK0.8 cent per ordinary share for the year ended 31 March 2023 (2022: HK0.6 cent per ordinary share), in an aggregate amount of approximately HK$9.0 million (2022: approximately HK$6.7 million), to shareholders whose names appeared on the register of members of the Company on Friday, 18 August 2023.

MAJOR CUSTOMERS AND SUPPLIERS

Owing to the nature of our business, for the year ended 31 March 2023, 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 2023, revenue from our largest and top five largest customers who had registered under our membership programme (inclusive of the bulk purchase customers and the distributors) was approximately 2.4% and 3.9% of our total revenue, respectively. All of our top five customers during the year ended 31 March 2023 are independent third parties.

The aggregate purchases from our Group's largest and top five suppliers accounted for approximately 23.6% and 72.8% of our total purchases for the year ended 31 March 2023 respectively. All of our top five suppliers during the year ended 31 March 2023 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 2023.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended 31 March 2023 and the consolidated financial position of the Group as at 31 March 2023 are set out in the consolidated financial statements on pages 84 and 85, respectively.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2023 are set out in the consolidated statement of changes in equity on page 86.

DISTRIBUTABLE RESERVES

Pursuant to the Companies Act of the Cayman Islands, share premium, which has been partially offset by the accumulated loss of the Company, are distributable to the Shareholders. As at 31 March 2023, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$13.1 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group during the year are set out in note 14 to the consolidated financial statements.

DONATIONS

During the year ended 31 March 2023, the Group has made charitable donations amounted to approximately HK$0.6 million in aggregate (2022: approximately HK$3.0 million).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2023 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
– Mr. Wong Siu Ki

REPORT OF THE DIRECTORS

Independent Non-executive Directors

– Ms. Chan Sze Lai Celine
– Ms. Tsang Wing Yee
– Ms. Wong Yuen Kwan *(Appointed on 15 December 2022)*
– Ms. Hung Yuen Wa *(Ceased to act on 15 December 2022)*

Biographical information of the Directors and senior management of the Group are set out from pages 14 to 18 of this annual report.

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, Ms. Yuen Mi Ming Erica, Ms. Yuen Mimi Mi Wahng, Mr. Wong Siu Ki and Ms. Wong Yuen Kwan (appointed by the Board on 15 December 2022 and whose appointment will end at the forthcoming annual general meeting), will retire but being eligible, offer themselves for re-election at the forthcoming 2023 AGM.

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 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 2023 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.

REPORT OF THE DIRECTORS

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 2023.

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 2023.

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

As at 31 March 2023, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") held by the Directors and chief executives of the Company which had 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 such provisions of the SFO) or which as entered in the register required to be kept by the Company pursuant to 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:

(a) Interests in the Shares of the Company

Name of Directors	Capacity/ nature of interest	Number of Shares interested *(Note 1)*	Percentage of shareholding in the Company
Ms. Yuen Mi Ming Erica ("Ms. Erica Yuen") *(Note 2)*	Interest in controlled corporation	542,000,000 (L)	48.39%
Mr. Lam Yue Yeung Anthony ("Mr. Anthony Lam") *(Note 3)*	Interest of spouse	542,000,000 (L)	48.39%
Ms. Yuen Mimi Mi Wahng ("Ms. Mimi Yuen") *(Note 4)*	Interest in controlled corporation	47,000,000 (L)	4.20%
Mr. Cheung Siu Hon Ronald ("Mr. Ronald Cheung") *(Note 5)*	Interest of spouse	47,000,000 (L)	4.20%

REPORT OF THE DIRECTORS

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

Name of Director	Capacity/ nature of interest	Name of associated corporation	Number of share interested *(Note 1)*	Percentage of shareholding in the associated corporation
Ms. Erica Yuen	Beneficial owner	Prime Era Holdings Limited ("Prime Era")	1 (L)	100%
Ms. Mimi Yuen	Beneficial owner	Webber Holdings Limited ("Webber")	1 (L)	100%

Notes:

(1) The letter "L" denotes long position in the relevant share interests.

(2) Prime Era held direct interests of 542,000,000 Shares. Prime Era is wholly and beneficially owned by Ms. Erica Yuen. Therefore, Ms. Erica Yuen is deemed to be interested in all the Shares held by Prime Era under the SFO.

(3) Mr. Anthony Lam is the spouse of Ms. Erica Yuen. Mr. Anthony Lam is deemed to be interested in the same number of Shares in which Ms. Erica Yuen is interested by virtue of the SFO.

(4) Webber held direct interests of 47,000,000 Shares. Webber is wholly and beneficially owned by Ms. Mimi Yuen. Therefore, Ms. Mimi Yuen is deemed to be interested in all the Shares held by Webber under the SFO.

(5) Mr. Ronald Cheung is the spouse of Ms. Mimi Yuen. Mr. Ronald Cheung is deemed to be interested in the same number of Shares in which Ms. Mimi Yuen is interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2023, 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).

REPORT OF THE DIRECTORS

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

As at 31 March 2023, 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 fall 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 *(Note 1)*	Percentage of shareholding in the Company
Prime Era *(Note 2)*	Beneficial owner	542,000,000 (L)	48.39%
Ms. Ying Ka Kwok Tania	Beneficial owner	244,530,000 (L)	21.83%

Notes:

(1) The letter "L" denotes the long position in the share interest.

(2) Prime Era is wholly and beneficially owned by Ms. Erica Yuen. She is deemed to be interested in all the Shares held by Prime Era under the SFO.

Save as disclosed above, as at 31 March 2023, 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 2023.

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	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. The basis of eligibility shall be determined by the Board from time to time.
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	Being determine by the Board and shall be a least the highest of: (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 2023, in addition to the related party transactions as disclosed in note 30 to the consolidated financial statements, the Group has entered into a software development agreement which constitutes 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 ended 31 March 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2023, 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.

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 covenantors (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.

REPORT OF THE DIRECTORS

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 ("Confirmation"). The Independent Non-executive Directors have reviewed the Confirmations and confirmed that they are not aware of any non-compliance of the Deed of Non-competition by the Controlling Shareholders 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 2023 (2022: 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.

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 148 of this report.

ANNUAL GENERAL MEETING

The 2023 AGM has been scheduled to be held on Friday, 28 July 2023. A notice convening the 2023 AGM will be issued and despatched to the Shareholders on Thursday, 29 June 2023.

REPORT OF THE DIRECTORS

RELEVANT DATES FOR FINAL DIVIDEND

Ex-entitlement date	Tuesday, 15 August 2023
Latest time to lodge share transfer	4:30 p.m., Wednesday, 16 August 2023
Closure of register of members	From Thursday, 17 August 2023 to Friday, 18 August 2023, both dates inclusive
Record date	Friday, 18 August 2023
Payment date	Friday, 15 September 2023

In order to qualify for the abovementioned final dividend, all share transfer form, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 16 August 2023.

AUDITOR

The consolidated financial statements for the year ended 31 March 2023 were audited by Grant Thornton Hong Kong Limited which will retire at the 2023 AGM and offer themselves for re-appointment. The re-appointment of Grant Thornton Hong Kong Limited as Auditor of the Company has been recommended by the Audit Committee. A resolution for the re-appointment of Grant Thornton Hong Kong Limited as Auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the forthcoming AGM.

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 35 to 64 for details of our ESG performance.

By order of the Board
Yuen Mi Ming Erica
Chairlady

20 June 2023

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
致同

To the members 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 (together the "Group") set out on pages 84 to 147, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2023, 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 ("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 ("HKSAs") 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 the matter was addressed in our audit**
Assessment of net realisable value of inventories	
As at 31 March 2023, the carrying amount of the Group's inventories was HK$10,337,000 and there is no allowance for inventories as at 31 March 2023. As disclosed in note 5 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. We identified the assessment of net realisable value of inventories as a key audit matter due to the significant judgements involved in the determination of the net realisable value of the inventories by the management.	Our audit procedures in relation to assessment of net realisable value of inventories included: • 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; • 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; • Testing the accuracy of the inventory ageing analysis, on a sample basis, to goods received notes; and • Testing the subsequent sales, on a sample basis, to the sales invoices.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the 2023 annual report of the Company, 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 for the Consolidated Financial Statements

The directors 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 the 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.

The directors assisted by the Audit Committee 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. We report 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 HKSAs, 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 the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR
20 June 2023

Lam Yau Hing
Practising Certificate No.: P06622

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Revenue	6	**171,398**	161,049
Cost of sales		**(61,129)**	(56,772)
Gross profit		**110,269**	104,277
Other income, gains and losses		**(2,556)**	362
Selling and distribution expenses		**(38,924)**	(38,182)
Administrative and operating expenses		**(43,072)**	(41,027)
Expected credit loss on trade receivables	20	**–**	(401)
Finance costs		**(667)**	(755)
Profit before income tax	8	**25,050**	24,274
Income tax expense	9	**(4,310)**	(4,152)
Profit and total comprehensive income for the year		**20,740**	20,122
Basic and diluted earnings per share (HK cents)	11	**1.85**	1.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	**2023 HK$'000**	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**36,156**	37,810
Investment properties	14	**30,437**	–
Right-of-use assets	15	**12,311**	12,831
Deferred tax assets	16	**839**	757
Deposits paid for acquisition of assets	17	**–**	818
Other non-current assets	18	**1,923**	2,052
		81,666	54,268
Current assets			
Tax recoverable		**–**	148
Inventories	19	**10,337**	11,851
Trade receivables	20	**1,645**	2,852
Financial assets at fair value through profit or loss	21	**8,015**	7,829
Deposits, prepayments and other receivables	22	**4,721**	5,426
Pledged bank deposits	23	**300**	3,269
Time deposits with original maturity of more than three months	23	**7,850**	28,539
Bank balances and cash	23	**62,822**	63,745
		95,690	123,659
Current liabilities			
Trade payables	24	**1,264**	1,873
Accrued expenses and other payables	25	**14,232**	11,852
Contract liabilities	26	**2,878**	4,860
Lease liabilities	27	**7,570**	8,798
Tax payable		**1,170**	312
		27,114	27,695
Net current assets		**68,576**	95,964
Total assets less current liabilities		**150,242**	150,232
Non-current liabilities			
Lease liabilities	27	**5,175**	4,663
Deferred tax liabilities	16	**150**	112
		5,325	4,775
Net assets		**144,917**	145,457
CAPITAL AND RESERVES			
Share capital	28	**11,200**	11,200
Reserves		**133,717**	134,257
Total equity		**144,917**	145,457

The consolidated financial statements on pages 84 to 147 were approved and authorised for issue by the Board of Directors on 20 June 2023 and are signed on its behalf by:

Yuen Mi Ming Erica	**Yuen Mimi Mi Wahng**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital	Share premium	Merger reserve (note)	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2021	11,200	75,127	(37,316)	103,204	152,215
Profit and total comprehensive income for the year	–	–	–	20,122	20,122
2021 final dividend paid (note 12)	–	(6,720)	–	–	(6,720)
2022 special dividend paid (note 12)	–	(20,160)	–	–	(20,160)
At 31 March 2022 and 1 April 2022	**11,200**	**48,247**	**(37,316)**	**123,326**	**145,457**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**20,740**	**20,740**
2022 final dividend paid (note 12)	**–**	**(6,720)**	**–**	**–**	**(6,720)**
2023 interim dividend paid (note 12)	**–**	**(14,560)**	**–**	**–**	**(14,560)**
At 31 March 2023	**11,200**	**26,967**	**(37,316)**	**144,066**	**144,917**

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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
Cash flows from operating activities		
Profit before income tax	**25,050**	24,274
Adjustments for:		
Fair value gain of financial assets at fair value through profit or loss	**(136)**	(29)
Written off on prepayment	**–**	40
Written off of inventories	**8**	63
Expected credit loss on trade receivables	**–**	401
Depreciation of property, plant and equipment	**4,265**	4,491
Depreciation of investment properties	**695**	–
Depreciation of right-of-use assets	**10,604**	10,621
Interest income	**(895)**	(29)
Loss/(gain) on disposal of property, plant and equipment	**1**	(65)
Exchange losses	**977**	–
Finance costs	**667**	755
Operating cash flows before movements in working capital	**41,236**	40,522
Decrease in inventories	**1,506**	1,829
Decrease/(Increase) in trade receivables	**1,207**	(1,612)
Decrease/(Increase) in deposits, prepayments and other receivables	**145**	(1,085)
(Decrease)/Increase in trade payables	**(609)**	472
Increase in accrued expenses and other payables	**2,275**	1,719
(Decrease)/Increase in contract liabilities	**(1,982)**	2,525
Net cash generated from operations	**43,778**	44,370
Hong Kong Profits Tax paid	**(3,348)**	(5,745)
Net cash generated from operating activities	**40,430**	38,625
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,861)**	(10,645)
Purchase of investment properties	**(31,073)**	–
Placement for time deposits with original maturity of more than three months	**(7,850)**	(28,539)
Payments for rental deposits	**(345)**	(772)
Placement on pledged bank deposit	**(100)**	(8)
Refund of time deposits with original maturity of more than three months	**27,511**	–
Refunds of rental deposits	**1,035**	858
Refund of pledged bank deposit	**3,069**	–
Interest received	**895**	29
Proceeds from disposal of property, plant and equipment	**8**	291
Payment for acquisition of financial assets at fair value through profit or loss	**–**	(7,800)
Deposits paid for acquisition of assets	**–**	(501)
Net cash used in investing activities	**(8,711)**	(47,087)
Cash flows from financing activities		
Proceeds from bank borrowings	**–**	1,207
Repayment of bank borrowings	**–**	(1,218)
Repayment of lease liabilities	**(10,695)**	(10,540)
Interests paid	**(667)**	(744)
Dividends paid	**(21,280)**	(26,880)
Net cash used in financing activities	**(32,642)**	(38,175)
Decrease in cash and cash equivalents	**(923)**	(46,637)
Cash and cash equivalents at beginning of the year	**63,745**	110,382
Cash and cash equivalents at end of the year, represented by bank balances and cash	**62,822**	63,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

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 Windward 3, Regatta Office Park, P.O. Box 1350, 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 36. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements for the year ended 31 March 2023 were approved for issue by the board of directors on 20 June 2023.

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amended HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2022:

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of the amendments to HKFRSs in the current year had no material impact on how the results and financial position of the Group for the current and prior years have been prepared and presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amended HKFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Except as disclosed below, the new and amendments to HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments")

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current, which are summarised as follows:

- It clarifies that a liability is non-current if an entity has a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the end of the reporting period. This right has to be existed at the end of the reporting period, regardless of whether the lender tests for compliance at the date or at a later date;

- Any expectations about events after the reporting period do not impact the assessment made at the end of the reporting period as to the classification of the liability; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amended HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments") (continued)

- "Settlements" are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity's own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32 "Financial Instruments: Presentation", the transfer of equity instruments by exercising the conversion option constitutes settlement of liability for the purpose of current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current.

2022 Amendments issued in 2022 clarified that only covenants of a liability arising from a loan arrangement, which an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Those covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date.

Besides, the 2022 Amendments required an entity to provide additional disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The information provided should enable users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including:

- the carrying amount of the related liabilities;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that an entity may have difficulty complying with covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

The 2022 Amendments also deferred the effective date of the "Classification of Liabilities as Current or Non-current" (2020 Amendments) to the annual reporting periods beginning on or after 1 January 2024, in which both amendments are to be applied as a package and apply retrospectively. Earlier application is permitted. The directors of the Group expect that the amendments have no material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amended HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRSs. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 4 to consolidated financial statements which may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 "Income Taxes" does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12.

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted.

As at 31 March 2023, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$12,311,000 and HK$12,745,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings at the beginning of the earliest comparative period presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong. 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 significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised in note 4. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss ("FVTPL"), which is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 "Leases", 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".

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

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

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost includes directly attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Revenue recognition

Revenue arises mainly from the sales of goods, provision of beauty services and consignment income.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

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.

Further details of the Group's revenue recognition policies are as disclosed in note 6 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Revenue recognition (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.

Revenue from contracts with 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 and are presented as right to returned goods asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Revenue recognition (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 or expired.

4.3 Leases

Definition of a lease

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.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception date, 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

Allocation of consideration to components of a contract

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 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Leases (continued)

The Group as a lessee (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 for 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Leases (continued)

The Group as a lessee (continued)

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.

The Group as a lessor

The Group earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

4.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Foreign currencies

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

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 the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income, gains and losses".

4.7 Taxation

Income tax comprises current tax 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 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 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 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 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Borrowing costs

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

4.9 Employee benefits

Retirement benefits

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.

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.

4.10 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. 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.

With the exception of freehold land, all other items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Owned properties	3.3%
Leasehold improvements	Over the lease term or 3 years, whichever is shorter
Computer equipment	30%
Office equipment	20%
Motor vehicles	30%

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Investment properties

Investment properties comprises freehold land and buildings, which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. With the exception of freehold land, the investment properties are depreciated at rates sufficient to write off the cost over their estimated useful lives of 30 years and after taking into account of their estimated residual value, using the straight-line method.

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties 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, investment properties 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment on property, plant and equipment, investment properties and right-of-use assets (continued)

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.

4.13 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.

4.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.15 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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 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". In case of financial assets and financial liabilities not at FVTPL, 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 on initial recognition. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets are classified into the following categories:

– amortised cost;

– FVTPL; or

– fair value through other comprehensive income.

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for expected credit losses ("ECL") allowances of trade receivables which is presented as a separate item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

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.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "Fair value reserve – non-recycling" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, other receivables, rental deposits, pledged bank deposits, time deposits with original maturity of more than three months and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

(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;
- 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 deterioration in the operating results of the debtor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(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.

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Financial instruments (continued)

Financial assets (continued)

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.

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

All financial liabilities 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 expire. 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 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. KEY SOURCE OF ESTIMATION UNCERTAINTY AND SIGNIFICANT JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 4, 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 2023, the carrying amount of inventories is HK$10,337,000 (2022: HK$11,851,000), and there is no allowance for inventories (2022: Nil).

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

Property, plant and equipment, investment properties 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 2023, the carrying amounts of right-of-use assets, investment properties and property, plant and equipment are HK$12,311,000, HK$30,437,000 and HK$36,156,000 (2022: HK$12,831,000, nil and HK$37,810,000), respectively, and there is no impairment losses recognised in respect of right-of-use assets, investment properties and property, plant and equipment (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. REVENUE

	2023 HK$'000	2022 HK$'000
Sales of goods		
Retail stores	**132,800**	128,520
Online shop	**29,806**	26,445
Consignment sales	**5,498**	3,945
Distributors	**99**	103
Subtotal	**168,203**	159,013
Consignment commission income		
Retail stores	**128**	175
Online shop	**6**	3
Consignment sales	**249**	202
Subtotal	**383**	380
Provision of beauty services	**2,812**	1,656
Total	**171,398**	161,049

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15

The Group derives revenue from the transfer of goods at a point in time and services at a point in time and over time in the following major product and services lines:

	2023 HK$'000	2022 HK$'000
Skincare	**109,766**	105,823
Cosmetics	**6,541**	6,409
Food and health supplements	**44,012**	40,073
Other products	**7,884**	6,708
Consignment commission income	**383**	380
Provision of beauty services	**2,812**	1,656
Total	**171,398**	161,049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. REVENUE (continued)

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 (continued)

	2023 HK$'000	2022 HK$'000
Timing of revenue recognition		
At a point in time	**168,586**	159,393
Over time	**2,812**	1,656
Total	**171,398**	161,049

Performance obligation for contracts with customers

Revenue generated from sales of goods and consignment commission income by the Group have recognised at a point in time and revenue generated from provision of beauty services by the Group is recognised over time.

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. REVENUE (continued)

Performance obligation for contracts with customers (continued)

Consignment commission income

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

Provision of beauty services

Revenue from provision of beauty services is recognised over time when the services have been rendered to customers.

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

The Group offers loyalty stamps to customers when they meet a certain level of sales amount in every transaction. The customer loyalty stamps are generally effective for 6 months from the date of issuance.

The sales amount will be allocated based on the performance obligations and the unsatisfied or partially unsatisfied portion will be recorded as contract liabilities and the expected timing of recognising revenue are within one year.

Included in contract liabilities is an amount of HK$2,141,000 (2022: HK$2,555,000) which represent the Group's expectation on the timing of redemption made by customers (note 26).

7. SEGMENT INFORMATION

The Group has one operating segment based on information reported to the chief operating decision maker of the Group, being 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 preparation for the transfer of listing of the shares of the Company from GEM to Main Board of the Stock Exchange application ("Transfer Listing Application Expenses") and donations). As a result, there is only one operating and reportable segment of the Group.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results represents profit earned from each segment without allocation of Transfer Listing Application Expenses and donations. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

7. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by its operating and reportable segment.

	2023 HK$'000	2022 HK$'000
Revenue from external sales	**171,398**	161,049
Segment results	**21,328**	23,818
Less:		
Transfer Listing Application Expenses	**–**	(693)
Donations	**(588)**	(3,003)
Profit for the year	**20,740**	20,122

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

Geographical information

The Group's revenue from external sales and its non-current assets (other than deferred tax assets and other non-current assets) are divided into the following geographical areas:

	Revenue from external sales		Non-current assets	
	Year ended 31 March 2023 HK$'000	Year ended 31 March 2022 HK$'000	As at 31 March 2023 HK$'000	As at 31 March 2022 HK$'000
Hong Kong (domicile)	**171,299**	160,901	**41,638**	44,442
Japan	**–**	–	**24,738**	–
The United States of America ("USA")	**37**	–	**12,528**	7,017
Macau	**62**	148	**–**	–
Total	**171,398**	161,049	**78,904**	51,459

Information about major customers

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

8. PROFIT BEFORE INCOME TAX

	2023 HK$'000	2022 HK$'000
Profit before income tax has been arrived at after charging/(crediting):		
Directors' remuneration (note 10)	**12,519**	8,308
Other staff salaries and allowances	**28,008**	29,408
Retirement benefit scheme contributions, excluding those of directors	**1,210**	1,146
Total employee benefits expenses	**41,737**	38,862
Auditor's remuneration		
Audit services		
– current year	**890**	860
– under-provision for prior year	**32**	27
Depreciation of property, plant and equipment	**4,265**	4,491
Deprecation of investment properties	**695**	–
Depreciation of right-of-use assets	**10,604**	10,621
Donations	**588**	3,003
Loss/(Gain) on disposal of property, plant and equipment	**1**	(65)
Cost of inventories and services recognised as expenses (included in cost of sales)	**58,402**	54,762
Exchange losses/(gains) (included in other income, gains and losses)	**4,154**	(9)
Interest on bank borrowings	**–**	11
Interest on lease liabilities	**667**	744
Finance costs	**667**	755
Transfer Listing Application Expenses	**–**	693
Written off of prepayment	**–**	40
Written off of inventories (included in cost of sales)	**8**	63
Fair value gain of financial assets at FVTPL	**(136)**	(29)
Interest income	**(895)**	(29)
Gross rental income from investment properties	**(517)**	–
Less:		
– direct operating expenses incurred for investment properties that generated rental income	**167**	–
– direct operating expenses incurred for investment properties that did not generate rental income	**170**	–
	(180)	–

During the year ended 31 March 2023, the Group receives Covid-19 related government grants of HK$2,216,000 (2022: nil) under the Employment Support Scheme, which has been offset against employee benefits expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

9. INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Hong Kong Profits Tax		
– Current year	**4,391**	4,274
– (Overprovision)/Underprovision in prior years	**(37)**	23
	4,354	4,297
Deferred taxation (note 16)	**(44)**	(145)
	4,310	4,152

Reconciliation between income tax expense and accounting profit at applicable tax rate is as follow:

	2023 HK$'000	2022 HK$'000
Profit before income tax	**25,050**	24,274
Tax at Hong Kong Profits Tax rate of 16.5%	**4,133**	4,005
Tax effect of expenses not deductible for tax purpose	**970**	322
Tax effect of income not taxable for tax purpose	**(591)**	(33)
Tax effect of two-tiered profits tax rates regime	**(165)**	(165)
(Overprovision)/Underprovision in prior years	**(37)**	23
Income tax expense	**4,310**	4,152

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 2023

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

(a) Directors' and chief executive's emoluments

Directors' emoluments, disclosed pursuant to the GEM Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

For the year ended 31 March 2023

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors					
Ms. Yuen Mimi Mi Wahng ("Ms. Mimi Yuen") (notes i, v and vii)	–	4,715	–	3	4,718
Ms. Yuen Mi Ming Erica ("Ms. Erica Yuen") (notes i, ii, v, vi and viii)	–	5,003	2,000	18	7,021
Non-executive Directors					
Mr. Lam Yue Yeung Anthony ("Mr. Anthony Lam") (note v)	120	–	–	–	120
Mr. Cheung Siu Hon Ronald ("Mr. Ronald Cheung") (note v)	120	–	–	–	120
Mr. Wong Siu Ki (note v)	120	–	–	–	120
Independent Non-executive Directors					
Ms. Chan Sze Lai Celine ("Ms. Celine Chan") (note v)	120	–	–	–	120
Ms. Tsang Wing Yee (note v)	180	–	–	–	180
Ms. Wong Yuen Kwan (notes iv and v)	35	–	–	–	35
Ms. Hung Yuen Wa (notes iv and v)	85	–	–	–	85
	780	9,718	2,000	21	12,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

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

For the year ended 31 March 2022

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors					
Ms. Mimi Yuen (notes i, v, vi and vii)	–	2,671	660	17	3,348
Ms. Erica Yuen (notes i, ii, v, vi and viii)	–	2,645	1,540	18	4,203
Non-executive Directors					
Mr. Anthony Lam (note v)	120	–	–	–	120
Mr. Ronald Cheung (note v)	120	–	–	–	120
Mr. Wong Siu Ki (notes iii and v)	97	–	–	–	97
Independent Non-executive Directors					
Ms. Celine Chan (note v)	120	–	–	–	120
Ms. Tsang Wing Yee (note v)	180	–	–	–	180
Ms. Hung Yuen Wa (note v)	120	–	–	–	120
	757	5,316	2,200	35	8,308

Notes:

(i) 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.

(ii) 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.

(iii) Mr. Wong Siu Ki was appointed as the non-executive director on 11 June 2021.

(iv) Ms. Wong Yuen Kwan was appointed as the independent non-executive director and Ms. Hung Yuen Wa has ceased to act as the independent non-executive director on 15 December 2022, respectively.

(v) 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.

(vi) Performance related incentive payments were determined with reference to the Group's operating results and individual performance which is in accordance with the Group's remuneration policy approved by the remuneration committee.

(vii) Included in the above salaries, allowance and benefits in kind are an estimated rental of HK$187,000 (2022: nil) for a director's quarter owned by the Group, which is included in property, plant and equipment, HK$465,000 (2022: HK$696,000) of rental expenses paid for a director's quarter and provision for unused leaves of HK$1,481,000 (2022: nil) in accordance with the newly adopted company policy.

(viii) Included in the above salaries, allowance and benefits in kind are HK$694,000 (2022: HK$462,000) of rental expenses paid for the director's quarters and provision for unused leaves of HK$1,564,000 (2022: nil) in accordance with the newly adopted company policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

(b) Employees' emoluments

The five individuals whose emoluments were the highest in the Group for the year included two (2022: two) directors whose emoluments are reflected in the analysis presented above. The aggregate emoluments of the remaining three (2022: three) individuals during the years are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and other allowances	**1,798**	1,699
Performance related incentive payments	**703**	854
Retirement benefit scheme contributions	**54**	54
	2,555	2,607

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.

11. EARNINGS PER SHARE

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

	2023 **HK$'000**	2022 HK$'000
Earnings		
Earnings attributable to the owners of the Company for the purpose of calculation of basic earnings per share	**20,740**	20,122

	2023 **'000**	2022 '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

Diluted earnings per share was same as basic earnings per share for the years ended 31 March 2023 and 2022 as there was no potential dilutive ordinary share in issue during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. DIVIDENDS

	2023 HK$'000	2022 HK$'000
Approved and paid		
2022 special dividend, paid – HK1.8 cents per ordinary share	–	20,160
2023 interim dividend, paid – HK1.3 cents per ordinary share	14,560	–
Final dividend, in respect of the previous financial year, paid – HK0.6 cent per ordinary share (2021: HK0.6 cent)	6,720	6,720
	21,280	26,880
Proposed		
Final dividend, proposed – HK0.8 cent (2022: HK0.6 cent) per ordinary share	8,960	6,720
	8,960	6,720

After taking into consideration the financial position and the cash flow of the Company, the Board has paid a special dividend of HK1.8 cents per ordinary share on Friday, 24 September 2021, in an aggregate amount of approximately HK$20.2 million, to the Shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 31 August 2021.

As disclosed in the annual report of the Company for the year ended 31 March 2022, a final dividend of HK0.6 cent per share, in an aggregate amount of approximately HK$6.7 million, has been recommended by the Board to the Shareholders whose names appear in the register of members of the Company at the close of business on Friday, 7 October 2022. The payment of the 2022 final dividend have been approved by the Shareholders in the 2022 annual general meeting. The 2022 final dividend have been paid on Monday, 31 October 2022.

During the year ended 31 March 2023, the Board has paid an interim dividend of HK1.3 cents per share, in an aggregate amount of approximately HK$14.6 million, on Friday, 30 December 2022 to the Shareholders whose names appear in the register of members of the Company at the close of business on Friday, 2 December 2022.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2023 of HK0.8 cent per ordinary share, in an aggregate amount of approximately HK$9.0 million, has been proposed by the Directors of the Company to the Shareholders whose names appeared on the register of members of the Company on Friday, 18 August 2023 and is subject to approval by the Shareholders of the Company in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

13. 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 2021	28,780	8,836	2,648	1,916	1,431	43,611
Additions	6,764	1,683	483	1,715	–	10,645
Written off/disposal	–	(595)	–	–	(301)	(896)
At 31 March 2022 and 1 April 2022	**35,544**	**9,924**	**3,131**	**3,631**	**1,130**	**53,360**
Additions	**–**	**1,199**	**1,091**	**330**	**–**	**2,620**
Written off/disposal	**–**	**(1,105)**	**(577)**	**(8)**	**–**	**(1,690)**
At 31 March 2023	**35,544**	**10,018**	**3,645**	**3,953**	**1,130**	**54,290**
Accumulated depreciation						
At 1 April 2021	1,755	6,604	1,354	1,444	572	11,729
Provided for the year	992	2,143	489	423	444	4,491
Eliminated on written off/disposal	–	(595)	–	–	(75)	(670)
At 31 March 2022 and 1 April 2022	**2,747**	**8,152**	**1,843**	**1,867**	**941**	**15,550**
Provided for the year	**1,146**	**1,811**	**573**	**546**	**189**	**4,265**
Eliminated on written off/disposal	**–**	**(1,105)**	**(571)**	**(5)**	**–**	**(1,681)**
At 31 March 2023	**3,893**	**8,858**	**1,845**	**2,408**	**1,130**	**18,134**
Carrying values						
At 31 March 2023	**31,651**	**1,160**	**1,800**	**1,545**	**–**	**36,156**
At 31 March 2022	32,797	1,772	1,288	1,764	189	37,810

As at 31 March 2023 and 2022, the Group's owned properties are located in:

	2023 HK$'000	2022 HK$'000
Hong Kong	**25,112**	26,068
The USA	**6,539**	6,729
	31,651	32,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

14. INVESTMENT PROPERTIES

	2023 **HK$'000**	2022 HK$'000
Opening net carrying amount	**–**	–
Additions	**31,132**	–
Depreciation	**(695)**	–
Closing net carrying amount	**30,437**	–
Fair value at level 3 hierarchy	**30,797**	–

During the year ended 31 March 2023, Inwell US Limited, a wholly-owned subsidiary of the Company has completed the purchase of a residential property, which is located in the USA, for a cash consideration and directly attributable expenditure of approximately United States dollars ("USD") 747,000 in aggregate (equivalent to approximately HK$5,828,000).

In addition, during the year, Rosy Horizon Global Limited, a wholly-owned subsidiary of the Company has completed the purchase of a residential property, which is located in the Japan, for a cash consideration and directly attributable expenditure of approximately Japanese Yan ("JPY") 435,295,000 in aggregate (equivalent to approximately HK$25,304,000).

All of the Group's properties above are held under operating leases to earn rental income and/or for capital appreciation purposes, the investment properties are measured using the cost model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties were determined by the market comparison approach valued by an independent qualified professional valuer, Stirling Appraisals Limited, who have recent experience in the valuations of similar properties in the relevant locations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

15. RIGHT-OF-USE ASSETS

	Leasehold buildings HK$'000
At 1 April 2021	
Cost	21,952
Accumulated depreciation	(8,613)
Net book amount	13,339
Year ended 31 March 2022	
Opening net book amount	13,339
Additions	4,935
Modifications	5,178
Depreciation	(10,621)
Net book amount	12,831
At 31 March 2022 and 1 April 2022	
Cost	23,595
Accumulated depreciation	(10,764)
Net book amount	12,831
Year ended 31 March 2023	
Opening net book amount	**12,831**
Additions	**1,983**
Modifications	**8,101**
Depreciation	**(10,604)**
Net book amount	**12,311**
At 31 March 2023	
Cost	**25,310**
Accumulated depreciation	**(12,999)**
Net book amount	**12,311**

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For the year ended 31 March 2023

15. RIGHT-OF-USE ASSETS (continued)

During the year ended 31 March 2023, 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 (including right-of-use assets resulting from new leases and lease modification) were HK$2,995,000, HK$14,357,000 and HK$10,084,000 (2022: HK$2,804,000, HK$14,088,000 and HK$10,113,000), respectively.

For both years, the Group leases various retail stores for its operations. Lease contracts are entered into for fixed term of two to three years (2022: 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 13% (2022: 8.5% to 13%) 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 retails stores for the year ended 31 March 2023 are as follows:

For the year ended 31 March 2023

	Number of stores				
	As at 1 April 2022	**As at 31 March 2023**	**Fixed lease payments HK$'000**	**Variable lease payments HK$'000**	**Total payments HK$'000**
Retail stores with variable lease payments	**10**	**9**	**9,821**	**2,995**	**12,816**

For the year ended 31 March 2022

	Number of stores				
	As at 1 April 2021	As at 31 March 2022	Fixed lease payments HK$'000	Variable lease payments HK$'000	Total payments HK$'000
Retail stores with variable lease payments	10	10	9,786	2,804	12,590

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 **HK$'000**	2022 HK$'000
Deferred tax assets	**839**	757
Deferred tax liabilities	**(150)**	(112)
	689	645

The following is the deferred tax assets/(liabilities) recognised and movements thereon during both years:

	Accelerated tax/accounting depreciation HK$'000
At 1 April 2021	500
Credited to profit or loss (note 9)	145
At 31 March 2022 and 1 April 2022	645
Credited to profit or loss (note 9)	44
At 31 March 2023	689

17. DEPOSITS PAID FOR ACQUISITION OF ASSETS

	2023 **HK$'000**	2022 HK$'000
Acquisition of certain custom softwares	**–**	759
Acquisition of a property located in the USA	**–**	59
	–	818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. 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.

19. INVENTORIES

Inventories represent finished goods held for resale (including packaged and unpackaged goods) at the end of the reporting period. As at 31 March 2023, certain inventories with original costs amounting to HK$8,000 (2022: HK$63,000) were fully impaired and written-off.

20. TRADE RECEIVABLES

	2023 **HK$'000**	2022 HK$'000
Trade receivables	**1,645**	3,253
Less: ECL allowance	**–**	(401)
	1,645	2,852

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

	2023 **HK$'000**	2022 HK$'000
Within 30 days	**1,241**	1,293
31 – 60 days	**367**	1,167
61 – 90 days	**4**	116
Over 90 days	**33**	276
	1,645	2,852

The movements in ECL on trade receivables is as follows:

	2023 **HK$'000**	2022 HK$'000
At beginning of the year	**401**	–
ECL allowance recognised during the year	**–**	401
Written-off	**(401)**	–
At end of the year	**–**	401

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For the year ended 31 March 2023

20. TRADE RECEIVABLES (continued)

The Group's revenue, including the sales of goods, consignment commission income and provision of beauty service is generated mainly from cash, credit card sales, cash vouchers from landlords of retail stores, sales to distributors and consignment sales. The credit periods on credit cards sales, cash vouchers from landlords of retail stores, sales to distributors and consignment sales are 2 days, ranging from 30 to 45 days, 30 days and ranging 30 to 90 days, respectively.

As at 31 March 2023, included in the Group's trade receivables are primarily debtors from credit card sales, cash vouchers from landlord of retail stores, consignment sales and sales to distributors, in which the carrying amount of approximately HK$36,000 (2022: HK$928,000) are past due as at the reporting date. No past due balance are considered in default (2022: Except for the past due balances of HK$401,000, the remaining past due balances are not considered as in default), this is 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 32.2.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **HK$'000**	2022 HK$'000
Unlisted investment funds	**8,015**	7,829

The fair value measurement of the Group's unlisted investment funds are as set out in note 32.3.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 **HK$'000**	2022 HK$'000
Other receivables	**484**	865
Rental and utility deposits	**2,714**	3,249
Prepayments	**1,272**	986
Deposits paid to suppliers	**251**	326
	4,721	5,426

Details of impairment assessment are set out in note 32.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

23. PLEDGED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS/BANK BALANCES AND CASH

Pledged bank deposits carried interest rates ranging from 0.30% to 4.90% (2022: at 0.25%) per annum as at 31 March 2023. The bank deposits have been pledged to secure the bank facilities of the Group and are classified as current assets.

Time deposits with original maturity of more than three months carried interest rate at 4.28% (2022: ranging from 0.77% to 1.46%) per annum as at 31 March 2023 and have a maturity of approximately 6 months, which are classified as current assets.

Bank balances and time deposits with original maturity of less than three months carried interest rates ranging from nil to 4.30% (2022: 0.001%) per annum as at 31 March 2023.

Details of impairment assessment are set out in note 32.2.

24. TRADE PAYABLES

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

	2023 **HK$'000**	2022 HK$'000
Within 30 days	**1,130**	1,825
31 – 60 days	**134**	48
	1,264	1,873

25. ACCRUED EXPENSES AND OTHER PAYABLES

	2023 **HK$'000**	2022 HK$'000
Other payables	**920**	981
Accrued salary and bonus	**10,262**	7,486
Other accrued expenses	**3,050**	3,385
	14,232	11,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

26. CONTRACT LIABILITIES

	2023	2022
	HK$'000	HK$'000
Advance from customers in sales of goods and provision of services	**737**	2,305
Customer loyalty programme	**2,141**	2,555
	2,878	4,860

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 or over time when the provision of beauty services are rendered to the customer. During the year ended 31 March 2023, 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$2,305,000 (2022: HK$175,000).

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 generally 6 months from the date of issuance. The directors of the Company estimated the redemption of the stamp with reference to the historical experience.

The significant decrease in contract liabilities in the current year was primarily due to completion of the orders from the customers in sales of goods during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

27. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2023 HK$'000	2022 HK$'000
Total minimum lease payments:		
– Due within one year	**8,001**	9,275
– Due with a period of more than one year but not more than three years	**5,344**	4,804
	13,345	14,079
Future finance charges on lease liabilities	**(600)**	(618)
Present value of lease liabilities	**12,745**	13,461
Present value of minimum lease payments:		
– Due within one year	**7,570**	8,798
– Due within a period of more than one year but not more than three years	**5,175**	4,663
	12,745	13,461
Less: Amounts due for settlement within 12 months shown under current liabilities	**(7,570)**	(8,798)
Amounts due for settlement after 12 months shown under non-current liabilities	**5,175**	4,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

28. SHARE CAPITAL

	Number of shares	HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 2023	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 2023	1,120,000,000	11,200

29. RETIREMENT BENEFIT SCHEME

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) 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 capped at HK$30,000 to the MPF Scheme, which contribution is matched by employees. Contribution to the MPF Scheme during the year ended 31 March 2023 amounted to HK$1,231,000 (2022: HK$1,181,000).

The Group's contributions to the MPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the MPF Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

30. RELATED PARTY DISCLOSURES

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

Relationship	Nature of transactions	2023 HK$'000	2022 HK$'000
Directors of the Company	Sales of finished goods	**38**	83

(b) Compensation of key management personnel of the Company

	2023 HK$'000	2022 HK$'000
Salaries, fees, allowances and benefit in kinds	**11,799**	7,268
Performance related incentive payments	**2,497**	2,819
Retirement benefit scheme contributions	**57**	71
	14,353	10,158

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 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

32.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at amortised cost		
– Trade receivables	**1,645**	2,852
– Deposits and other receivables	**4,883**	5,954
– Pledged bank deposits	**300**	3,269
– Time deposits with original maturity of more than three months	**7,850**	28,539
– Bank balances and cash	**62,822**	63,745
Financial assets at FVTPL		
– Unlisted investment funds	**8,015**	7,829
	85,515	112,188
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade payables	**1,264**	1,873
– Other payables	**574**	491
– Lease liabilities	**12,745**	13,461
	14,583	15,825

32.2 Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, other receivables, rental deposits, pledged bank deposits, time deposits with original maturity of more than three months, bank balances and cash, trade and other payables and lease liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (represented by interest rate risk, and currency risk and price 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

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**	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**39,723**	46,521	**551**	987
New Zealand dollars ("NZD")	**12,192**	16,158	**–**	–
Australian dollars ("AUD")	**15,441**	11,336	**–**	–
JPY	**280**	6,419	**–**	–
Canadian dollars ("CAD")	**2,068**	2,652	**–**	–
Euro ("EUR")	**806**	129	**–**	–

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% (2022: 10%) increase and decrease in the relevant foreign currencies against HK$. 10% (2022: 10%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2022: 10%) change in foreign currency rates. There is an increase in post-tax profit for the year where the relevant currency strengthens 10% (2022: 10%) against HK$. For a 10% (2022: 10%) weakening the relevant currency against HK$, there would be an equal and opposite impact on the post-tax profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

	Change in profit for the year	
	2023	2022
	HK$'000	HK$'000
Foreign currencies		
NZD	**1,018**	1,349
AUD	**1,289**	947
JPY	**23**	536
CAD	**173**	221
EUR	**67**	11

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:

	2023	2022
	HK$'000	HK$'000
Other income, gains and losses		
Financial assets at amortised cost	**895**	29

Market risk – Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will decline because of adverse market price movements of the financial instrument. The Group is exposed to price risk primarily through its investments in investment funds classified as financial assets at FVTPL. The financial instruments of the Group that exposed to price risk at the reporting date is set out in note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Sensitivity analysis

Based on the portfolio of investment funds held by the Group at the reporting date, if the quoted prices of the investment funds had been increased and decreased by 10% (2022: 10%), the Group's net profit would increase and decrease by HK$802,000 (2022: HK$783,000).

The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.

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, time deposits with original maturity of more than three months 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 within the scope 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, time deposits with original maturity of more than three months 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, time deposits with original maturity of more than three months and bank balances were immaterial. Thus, no loss allowance for pledged bank deposits, time deposits with original maturity of more than three months and bank balances were recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

Category	Description	Trade receivables	Other financial assets measured at amortised cost
Stage 1	The counterparty has a low risk of default and has no past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Stage 2	There has been a significant increase in credit since initial recognition	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Stage 3	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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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.

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2023 HK$'000	Gross carrying amount 2022 HK$'000
Trade receivables	20	Stage 1	Lifetime ECL – not credit-impaired	**1,645**	2,852
		Stage 3	– credit-impaired	**–**	401
				1,645	3,253
Other receivables	22	Stage 1	12m ECL	**484**	865
Rental deposits	18 & 22	Stage 1	12m ECL	**4,399**	5,089
Bank balances	23	Stage 1	12m ECL	**62,822**	63,745
Time deposits with original maturity of more than three months	23	Stage 1	12m ECL	**7,850**	28,539
Pledged bank deposits	23	Stage 1	12m ECL	**300**	3,269

No ECL allowance has been provided during the year ended 31 March 2023 (2022: the Group provided ECL allowance of HK$401,000 for trade receivables, which were made on credit-impaired debtors).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

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.

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

The following table shows the details of the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

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

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 to 3 months HK$'000	Over 3 months but within 1 year HK$'000	Over 1 year but within 2 years HK$'000	Over 2 years but within 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2023								
Trade payables	–	1,264	–	–	–	–	1,264	1,264
Other payables	–	574	–	–	–	–	574	574
Lease liabilities	4.990	898	1,592	5,511	4,013	1,331	13,345	12,745
		2,736	1,592	5,511	4,013	1,331	15,183	14,583
As at 31 March 2022								
Trade payables	–	1,873	–	–	–	–	1,873	1,873
Other payables	–	491	–	–	–	–	491	491
Lease liabilities	5.375	956	1,788	6,531	4,092	712	14,079	13,461
		3,320	1,788	6,531	4,092	712	16,443	15,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

32.3 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated financial statements on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
31 March 2023				
Financial assets at FVTPL				
– Unlisted investment funds	**–**	**8,015**	**–**	**8,015**
31 March 2022				
Financial assets at FVTPL				
– Unlisted investment funds	–	7,829	–	7,829

As at 31 March 2023 and 2022, the fair value of the Group's unlisted investment funds is stated with reference to price quote provided by the administrator of the fund, which is determined based on the net asset value of the funds. There was no transfer among the three levels of the fair value hierarchy during both years.

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 value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. RECONCILIATION OF LIABILITIES ARISING 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.

	Borrowings HK$'000	**Dividend payable** HK$'000	**Lease liabilities** HK$'000
At 1 April 2021	–	–	13,994
Financing cash flows	–	(26,880)	(11,284)
Proceeds from bank borrowings	1,207	–	–
Repayment of bank borrowings	(1,218)	–	–
Non-cash transactions:			
New lease entered into/lease modified	–	–	10,007
Finance costs	11	–	744
Dividend declared	–	26,880	–
At 31 March 2022 and 1 April 2022	–	–	13,461
Financing cash flows	–	(21,280)	(11,362)
Non-cash transactions:			
New lease entered into/lease modified	–	–	9,979
Finance costs	–	–	667
Dividend declared	–	21,280	–
At 31 March 2023	**–**	**–**	**12,745**

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34. CAPITAL COMMITMENTS

As at 31 March 2023, capital commitments contracted but not provided in connection with acquisition of property, plant and equipment are as follows:

	2023	2022
	HK$'000	HK$'000
Acquisition of a property	**–**	5,753

35. LEASE COMMITMENTS

As lessor

At the reporting date, the total future minimum lease income receivables under non-cancellable operating leases with its tenants are as follows:

	2023	2022
	HK$'000	HK$'000
Within one year	**195**	–

The leases run for an initial period of approximately one year (2022: nil). None of the leases include contingent rentals.

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36. PARTICULARS OF SUBSIDIARIES

As at 31 March 2023 and 2022, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation	Principal place of business	Issued and fully paid up capital	Percentage of ownership interest held by the Company		Principal activities
				2023 **%**	2022 %	
Directly held:						
Rosy Horizon Global Limited	The BVI	Hong Kong	4 ordinary shares of US$1 each	**100**	100	Investment holding, fund investment and property holding
Indirectly held:						
Inwell International Limited	Hong Kong	Hong Kong	HK$100	**100**	100	Marketing, selling and distributing a wide range of beauty and health products and provision of beauty services in Hong Kong
Universal Benefits Company Limited	Hong Kong	Hong Kong	HK$100	**100**	100	Selling and distributing a wide range of beauty and health products and provision of consignment sales services in Hong Kong
CI CI Investment Limited	Hong Kong	Hong Kong	HK$50,000	**100**	100	Property holding
Mi Ming Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Investment holding
Inwell US Limited	The USA	The USA	100 ordinary shares of US$1 each	**100**	100	Property holding and market, selling and distributing of beauty and health products in the USA

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. 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.

At 31 March 2023, no share in respect of which options had been granted and remained outstanding under the Scheme (2022: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2023 HK$'000	2022 HK$'000
Non-current asset		
Investment in a subsidiary	**37,316**	37,316
Current assets		
Deposit and prepayments	**182**	259
Amount due from a subsidiary	**5,045**	1,295
Tax recoverable	**–**	148
Bank balances	**531**	656
	5,758	2,358
Current liabilities		
Amount due to a subsidiary	**370**	328
Accrued expenses and other payables	**455**	384
Tax payable	**712**	–
	1,537	712
Net current assets	**4,221**	1,646
Net assets	**41,537**	38,962
Capital and reserves		
Share capital	**11,200**	11,200
Reserves (note)	**30,337**	27,762
Total equity	**41,537**	38,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

Note:

The movement of the Company's reserves are as follows:

	Share premium HK$'000	Other reserve* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	75,127	17,226	(37,725)	54,628
Profit and other comprehensive income for the year	–	–	14	14
2021 final dividend paid (note 12)	(6,720)	–	–	(6,720)
2022 special dividend paid (note 12)	(20,160)	–	–	(20,160)
At 31 March 2022 and 1 April 2022	48,247	17,226	(37,711)	27,762
Profit and other comprehensive income for the year	–	–	23,855	23,855
2022 final dividend paid (note 12)	(6,720)	–	–	(6,720)
2023 interim dividend paid (note 12)	(14,560)	–	–	(14,560)
At 31 March 2023	**26,967**	**17,226**	**(13,856)**	**30,337**

* 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.

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 is set out below:

RESULTS

	Year ended 31 March				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
REVENUE	149,705	142,465	148,913	161,049	**171,398**
PROFIT BEFORE INCOME TAX	33,447	20,727	32,535	24,274	**25,050**
INCOME TAX EXPENSE	(5,820)	(4,875)	(5,398)	(4,152)	**(4,310)**
PROFIT FOR THE YEAR	27,627	15,852	27,137	20,122	**20,740**

ASSETS AND LIABILITIES

	As at 31 March				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
TOTAL ASSETS	127,062	145,338	181,659	177,927	**177,356**
TOTAL LIABILITIES	(11,116)	(20,260)	(29,444)	(32,470)	**(32,439)**
NET ASSETS	115,946	125,078	152,215	145,457	**144,917**