Yoho Group Holdings Limited
友和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2347)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The board (the "**Board**") of directors (the "**Directors**") of Yoho Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results (the "**Annual Results**") of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2022 (the "**Reporting Period**") together with the comparative figures for the year ended 31 March 2021.

FY21/22 OPERATIONAL HIGHLIGHT

1. Gross merchandise value (the "**GMV**")*(Note 1)* achieved a growth of approximately 57.2% in FY21/22*(Note 2)*, reaching approximately HK$795.8 million (FY20/21: approximately HK$506.1 million)
2. Number of registered members*(Note 3)* increased to approximately 775,000 as at 31 March 2022 (as at 31 March 2021: approximately 539,000)
3. Number of completed orders*(Note 4)* increased to approximately 473,000 for FY21/22 (FY20/21: approximately 346,000), with basket value*(Note 5)* per order increased to approximately HK$1,681 for FY21/22 (FY20/21: approximately HK$1,463)

FY21/22 FINANCIAL HIGHLIGHT

1. Revenue increased by 51.1% to approximately HK$790.1 million for FY21/22 (FY20/21: approximately HK$523.0 million)
2. Achieved an overall gross profit margin of approximately 15.5% for FY21/22 (FY20/21: approximately 17.4%)
3. Adjusted net profit*(Note 6)* of approximately HK$26.2 million for FY21/22 (FY20/21: approximately HK$28.7 million), the decrease was primarily due to the receipt of one-off non-recurring government grants of approximately HK$3.1 million in FY20/21
4. Net loss of approximately HK$225,000 for FY21/22 (FY20/21: net profit of approximately HK$28.7 million), the decrease was primarily attributable to:
   - Fair value change in convertible redeemable preferred shares, which has been exercised upon Listing, amounting to approximately HK$4.7 million in FY21/22; and
   - Listing expenses of approximately HK$21.7 million incurred in FY21/22
5. Net cash position of approximately HK$126.3 million as at 31 March 2022 (as at 31 March 2021: approximately HK$37.6 million)
6. The Board does not recommend the payment of a final dividend for the year ended 31 March 2022

Notes:

1. The "GMV" for a particular financial year is equivalent to the total gross sales dollar value of all relevant orders completed during that financial year, before deductions for discounts offered by us and set-offs by virtue of conversion of membership points.
2. FYX/Y: the financial year ended or ending (as the case may be) on 31 March of the year Y. For example, "FY21/22" refers to the year ended 31 March 2022.
3. An individual may enroll as a "registered member" through our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version) (the "**Yoho E-commerce Platform**") (as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she wishes).
4. The "number of completed orders" for a particular financial year consists of orders placed by our registered members with us on the Yoho E-commerce Platform, orders made by our customers at our retail stores, and orders from consumers received via online redemption platform(s) of third-party reward scheme(s) (the "**Reward Scheme Platforms**") and third-party online marketplaces that had been completed during that financial year.
5. The "basket value" for a particular financial year is calculated by dividing our GMV by the number of orders completed during that financial year.
6. Adjusted net profit is defined as non-HKFRS measures as profit for the year adjusted by (i) fair value change in convertible redeemable preferred shares and (ii) Listing expenses.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

The Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 June 2022, which marks a triumph for consumers. I would like to thank all stakeholders for their support, including our customers, suppliers, business partners, employees and shareholders (the "**Shareholders**"). Upon Listing, it is my privilege to represent the Board and to communicate with all stakeholders on a regular basis about our Group's performance and future prospects in full details through this letter. I would like to thank everyone for taking their time to read this letter. This is my first letter to Shareholders and I hope it will give all of you a better understanding of the management's analysis of the financial performance during the Reporting Period and the direction of our Group's future development.

Business Overview and Key Results

With both online and offline presence and utilising the power of technologies, we operate our business on an online-merge-offline ("**OMO**") model (the "**Yoho OMO Business**"). Our customers enjoy a host of benefits resulting from the seamless shopping experience created through the combination of online and offline retail channels.

Through the Yoho OMO Business model, we achieved GMV of approximately HK$795.8 million for FY21/22, representing a year-on-year increase of 57.2% as compared with approximately HK$506.1 million for FY20/21.

FY21/22 marked another successful financial year for our Company despite the challenging retail market which has experienced ups and downs amid the several waves of coronavirus disease 2019 ("**COVID-19**"). As one of the leading market players in the business-to-customer ("**B2C**") e-commerce industry in Hong Kong, we managed to outperform the overall retail market. Our revenue continued to grow at a rate of approximately 51.1% during FY21/22 while Hong Kong's retail market had only an approximately 4.0% growth during the same period, according to government statistics.

Such remarkable performance was mainly driven by the increasing number of new customers, the orders received as well as the basket value, which was attributable to (i) our promotional campaigns launched in collaboration with several financial institutions and fintech companies whereby special discounts were offered to those customers using the designated payment methods; (ii) a step-up in our marketing and promotion efforts; and (iii) the implementation of supportive government policies including the consumption voucher scheme (the "**CVS**").

As we continue to invest in our business as we are firm believers in the prospects of the Company, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2022.

Competitive Landscape

In my view, the competitive landscape has not changed much in the past year and our Group has maintained a high annual revenue growth and a stable monthly gross margin. It is not uncommon for more participants to tap into the industry as it is in a phase of high growth. It could be beneficial to the industry in the long run as more new entrants can promote competition and give us more insights as to how we can improve customer experience and enhance long-term competitiveness. As one of the leaders in the industry, we are confident that our Group will continue to benefit from the growing online shopping market. On the other hand, investors may have concern about the risk that e-commerce giants in the Asia region might enter into the Hong Kong market, which could have impact on us. As we have set foot in the Hong Kong's online shopping market for years, I believe it would be rather strenuous for e-commerce giants from other regions to tap into the Hong Kong market by using the 'cash-burn' mode. In the midst of such challenges, instead of directly entering into the Hong Kong market, they may actively seek cooperation with platforms with local market share, which will benefit the development of our Group.

COVID-19

In the previous financial year, the world has experienced repeated outbreaks of the COVID-19 pandemic and in 2022, Hong Kong experienced a peak of the pandemic burden, which was not an easy time for all business operators and the public. The fifth wave of the COVID-19 outbreak in Hong Kong beginning in early 2022 had brought certain impact on our sales and daily operations, where (a) the general consumer sentiment had been weakened; (b) our marketing, logistics and warehousing operations had been affected as a result of staff infections and the consequent reduction in available manpower; and (c) the reduced operations of various sectors in society and the corresponding social condition (including the social distancing measures) at the height of the outbreak in February and March 2022 had disturbed and slowed down our logistics and order fulfilment workflows.

Fortunately, we have managed to achieve solid performance in the business of main product categories in the past year. Though consumers may have reduced spending on other consumption categories, demand for consumer electronics and home appliances was strong, contributing to the good performance of many suppliers which in turn benefited our Group.

Against such a backdrop, I believe the Hong Kong's e-commerce market is set to be booming even before the pandemic, and the COVID-19 pandemic has the positive effect of further accelerating the shift of consumption pattern towards online purchases, thereby fuelling the growth of the Hong Kong e-commerce industry. Consumers always have thirst for a more convenient consumption mode and a wider variety of products, and the e-commerce market in Hong Kong has only grown to meet consumer preference.

Foreign-listed PRC Companies and Capital Market Development

In the past year, listed and unlisted PRC companies were affected by the general market environment and encountered severe financing situation. The majority of the companies recording significant share price decline caused heavy losses for investors and led to an overall weak sentiment in the investment market. In the first half of 2022, with the continuous outbreak of the pandemic, the unstable geopolitical situation, interest rate hikes and other unfavourable factors, investors' sentiment was severely impaired and many companies have postponed their listing timetables in Hong Kong due to unsatisfactory financing environment. Our Company was successfully listed in such a challenging environment, and I am particularly grateful to the new round of investors for their support to us and the industry, which also proves the recognition for our Group by the capital market. It is fortunate that the management of our Company has been able to develop our business with limited resources over the years, and making good use of resources has always been a core competency of our Company. In such a challenging environment, I am confident that the core competencies our Company have accumulated over time will be put to greater use. On the other hand, I believe that in the future, companies with a concentrated market share will attract more capital fund to diversify the investment risk. This will be beneficial to our Group's development. The capital market has followed a cyclical pattern and I wish that the shift in market sentiment will further unleash the value of our Company and bring better returns to our Shareholders.

Opportunities in E-commerce

From the establishment of the Yoho E-commerce Platform in 2013 to our listing this year, we have witnessed the development of the Hong Kong e-commerce market from zero to one. There may be misconception in the market that our listing is an exit, but the truth is that there is no sale of existing Shares by any of our Shareholders during our global offering (the "**Global Offering**") and all pre-IPO Shareholders are subject to a lock-up period of six months following the Listing. On the contrary, our Company's substantial Shareholders remain very optimistic about the future of the Hong Kong's e-commerce market. Going public is to bring in greater opportunities to our Group, to allow more consumers to become our Shareholders, to drive and motivate our Company to develop at a faster pace in order to capture the growing e-commerce market in Hong Kong and, more importantly, to contribute to the new economy of Hong Kong. Our team is passionate about the industry and looks forward to witnessing another great leap in the industry.

Following the successful Listing, going forward our management and related staff will focus more on the development of our Group's businesses. In the coming year, we will continue to invest in our technological research and development, further develop our consumer electronics and home appliances segment, improve user experience, extend our business to a wide range of mid-to-high-end products through the 3P business model, with the primary objective of serving our consumers well. I am sure that we will keep adding value to our stakeholders.

Opportunities in the Listing Platform

The listing status enhances our Group's brand image and strengthens our bargaining power with our local and foreign partners. In terms of shareholder composition, each of our past rounds of financing has brought in well-known individuals or corporations with significant expertise from different industries to our Group, opening up more strategic cooperation opportunities for our Group's development. In the 2021 financing, we introduced more strategic shareholders, including Japan Home Centre (Management) Ltd, an indirect wholly-owned subsidiary of International Housewares Retail Company Limited (a company listed on the Stock Exchange (stock code: 1373)), and we will work together to collaborate across various aspects, including but not limited to marketing, warehousing services and distribution channels, with a view to delivering a superior OMO experience to customers. In the international placing of the Global Offering, a number of leading companies from various industries have invested in the Shares, and their investment is an endorsement of our Group's position as a company in Hong Kong with attractive growth potential. We are looking forward to creating more value for all Stakeholders including our Shareholders through the Yoho E-commerce Platform.

With years of development, the Hong Kong e-commerce market has formed a basic competitive landscape. It is generally challenging for new entrants to break into this competitive landscape. It became even more difficult for local e-commerce platforms to list on the Main Board of the Stock Exchange under the amended profit requirement for listing effective from January 2022. We expect that the listing status of the Group will bring more opportunities for our Group to develop and future distance itself from its competitors.

Opportunities of Digitalisation in Hong Kong

Over the past nine years, in addition to the rapid growth of Hong Kong's e-commerce industry, we have also witnessed a shift towards digitalisation in all sectors of Hong Kong and the good results achieved. E-commerce companies face a huge consumer base and are involved in payment and consumption, making it easier for them to connect the upstream and downstream and various vertical sectors and add value to various industries. Apart from developing our core businesses, we also expect to explore other development possibilities with the advantages of our e-commerce platform, and to capture the significant opportunities of economic transformation.

Corporate Governance

We are a young and high-growth company committed to promoting corporate governance after our Listing. Currently, our Board members comprise the best and the brightest. Mr. Man Lap is a serial entrepreneur and a renowned venture capitalist in Hong Kong with in-depth knowledge of business operations and the investment environment in Hong Kong and Mainland China, and is familiar with the primary capital market. Mr. Hsieh Wing Hong Sammy is an entrepreneur who has successfully led his company to list on NASDAQ and is familiar with the business environment, business operations and secondary capital markets in Hong Kong and Mainland China. Mr. Adamczyk Alexis Thomas David has accumulated over 20 years of experience in corporate finance and capital markets, including investor relations, through, among others, his senior roles in Deutsche Bank and HSBC. Dr. Qian Sam Zhongshan is one of the earliest returnees who engages in Internet business in Mainland China and has in-depth knowledge of the development and operation of Internet companies. Mr. Chan Shun has working experience in one of the leading accounting firms and is an experienced compliance professional with a Juris Doctor degree. Mr. Ho Yun Tat has experience in one of the leading accounting firms and has worked with two unicorn companies in Hong Kong, and has in-depth knowledge of Internet companies in Hong Kong. With our dedicated, visionary and enterprising management team, we look forward to achieving greater achievements after the Listing.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, suppliers, business partners and Shareholders for their consistent support, and to thank the management and staff for their dedication. I will work side by side with the Board and the management team to achieve greater success.

Wu Faat Chi
Chairman and Executive Director
17 June 2022

PROSPECTS

Direct-to-consumer platform (the "1P Business Model")

Despite the heavy impact on the Hong Kong economy brought about by the outbreak of the COVID-19 pandemic, we have noted that the Hong Kong online retail sales have outperformed the overall Hong Kong economy, and that Hong Kong residents have gradually switched from purchasing from offline stores to online purchases, thereby fuelling the growth of the entire Hong Kong e-commerce industry.

Several rounds of the CVS have helped stimulate local consumption to a certain extent. One-off though it may seem, we believe the CVS has inevitably increased public acceptance of online payment methods and further shifted their consumption pattern towards online purchases.

With the phase I of the new round of the CVS launched in April 2022, alongside our enhanced market position and brand awareness, we recorded a record-high monthly sales of approximately HK$100.6 million in April 2022.

Going forward, we will continue to strengthen the breadth and depth of our inventory level and focus on the consumer electronics and home appliances segment under the 1P Business Model. In terms of breadth, we strive to explore more popular brands in both local and overseas markets that offer products under our five sub-categories, namely consumer electronics, beauty and health products, home appliances, computers and peripherals and lifestyle products, which is in line with the preference of Hong Kong consumers. In terms of depth, we intend to focus on strengthening our sourcing ability and establishing our relationships with suppliers to maintain a more stable supply of products.

Meanwhile, to further embody the synergy effect with our online retail sales business under the Yoho OMO Business, we intend to lease and set up our third retail store in the Causeway Bay district, which is expected to open in the third quarter of 2022. We expect the establishment of such third retail store would enable us to better serve our existing and potential customers in the Hong Kong Island.

Marketplace platform (the "3P Business Model")

As one of the leading Hong Kong-based direct sales e-commerce platform operators, we believe that we are poised to tap into online marketplace operations, leveraging our significant website traffic. We intend to launch in the second half of 2022 our online marketplace operations, where third-party merchants may sell their products to consumers and we will earn commission income, and we, at the same time, will also stand to expand the product offerings available on our Yoho E-commerce Platform beyond the categories of consumer electronics and home appliances.

Our goal is to diversify the product offerings available on our Yoho E-commerce Platform for synergy, and we have been initially looking to partner with third-party merchants offering such products and services as household products and medical and healthcare services.

We expect the launch of our online marketplace would have a positive impact on the following areas:

- our ability to increase the number of registered members;
- our ability to increase customer purchases; and
- our ability to improve the overall gross profit margin.

Our ability to increase the number of registered members

The number of registered members is a key indicator of our revenue growth and market share in the Hong Kong's e-commerce market. Our number of registered members grew from approximately 539,000 as at 31 March 2021 to approximately 775,000 as at 31 March 2022 and demonstrated increased activity level, attributable to our ability to satisfy customers' demand through a diversified product offering. With more products available under our marketplace operations, we hope to further grow our customer base by attracting more new customers and engaging our existing users more.

Our ability to increase customer purchases

The increase in the number of completed orders has contributed to our revenue growth. The number of completed orders increased from approximately 346,000 in FY20/21 to approximately 473,000 in FY21/22, primarily driven by (i) our promotional campaigns launched in collaboration with several financial institutions and Fintech companies and (ii) a step-up in our marketing and promotion efforts.

Similarly, we intend to adopt these effective marketing and promotional measures to drive conversions in new product categories. As the merchandise offered by third-party merchants are of relevance and interest to our existing customers, we can provide more targeted and relevant product promotions and recommendations to our customers. We expect the introduction of our online marketplace would increase the number of completed orders.

Our ability to improve the overall gross profit margin

The launch of our online marketplace will positively impact our overall gross profit margin. By charging a commission from the sales of products or services between customers and third-party merchants, we can generate revenue without purchasing inventory and, by extension, without increasing the cost of goods sold. We also intend to offer marketing and other value-added services to our merchants. The commission income and service income from the 3P Business Model are expected to have higher gross profit margins than our existing 1P Business Model.

BUSINESS REVIEW

Overall Performance

Founded in 2013 and after nine years of development, we were successfully listed on the Stock Exchange on 10 June 2022. The Listing of our Company is one of the important milestones of our development journey.

Further, FY21/22 marked another successful year of our Company despite the challenging retail market which has experienced ups and downs amid the several waves of the COVID-19 pandemic. As one of the leading market players in the B2C e-commerce industry in Hong Kong, we managed to outperform the overall retail market, alongside the implementation of the CVS under which consumption vouchers were distributed to each eligible resident in Hong Kong, our revenue continued to grow at approximately 51.1% during FY21/22 while the Hong Kong's retail market had only an approximately 4.0% growth, by reference to the reports on Monthly Survey of Retail Sales published by Census and Statistics Department, during the same period, according to government statistics. This was mainly driven by the increase in number of registered members as well as the orders received, as a result of (i) our promotional campaigns launched in collaboration with several financial institutions and Fintech companies whereby special discounts were offered to those customers using the designated payment methods; (ii) a step-up in our marketing and promotion efforts; and (iii) implementation of supportive government policies including the CVS.

Business Highlights

With established presence both online (via the Yoho E-commerce Platform) and offline (via our retail store network, which currently comprises our offline retail stores located in the Kwun Tong and Cheung Sha Wan districts) and utilising the power of technologies, we are primed to run our retail business under the Yoho OMO Business. Our customers enjoy a host of benefits resulting from the synergies created through the combination of online and offline retail channels.

OMO Business Model

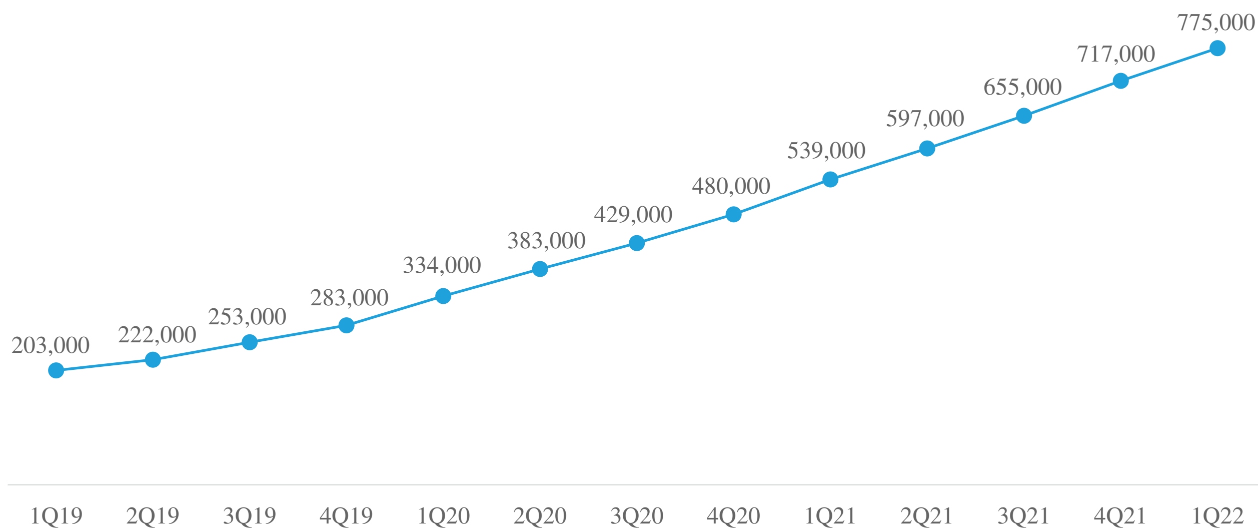
We believe our OMO business has enabled us to enhance customer experience, which helped drive the significant increase in our customer base and the scale of operation during the years indicated below:

	FY20/21	**FY21/22**	**Movement**
GMV *(HK$ million)*	506.1	**795.8**	+57.2%
Number of registered members	539,000	**775,000**	+43.8%
Number of completed orders	346,000	**473,000**	+36.7%
Basket value *(HK$)*	1,463	**1,681**	+14.9%

Growing Customer Base

The Yoho E-commerce Platform was one of the most-visited websites in Hong Kong, with over 1.4 million average monthly active users during FY21/22. We have established a customer base comprising over 775,000 registered members as at 31 March 2022.

Number of registered members

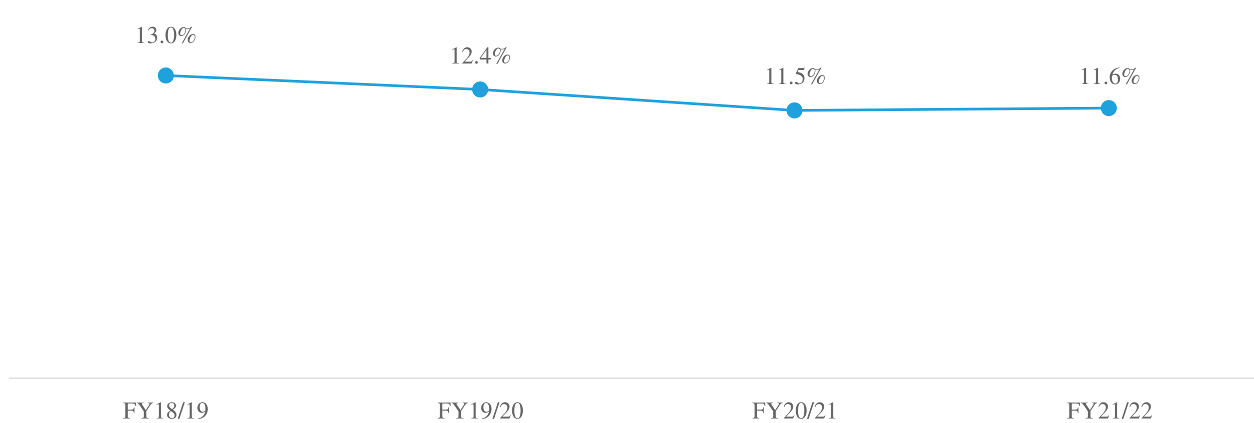


Source: internal system

Disciplined Cost Efficiency

We have implemented robust cost discipline while growing our business scale and revenue sustainably. We have managed to keep major cost items at a reasonable percentage to our revenue by achieving economies of scale. Total operating expenses, being the total sum of selling and distribution expenses and administrative expenses, for FY20/21 and FY21/22 remained relatively stable at approximately 11.5% and 11.6% of our total revenue for the relevant year, respectively.

Total operating expenses



LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth selected data from the consolidated statement of cash flows for the years indicated:

	FY21/22	FY20/21
	HK$'000	*HK$'000*
Net cash from operating activities	**39,599**	17,996
Net cash used in investing activities	**(4,549)**	(575)
Net cash from (used in) financing activities	**53,645**	(23,068)
Net increase (decrease) in cash and cash equivalents	**88,695**	(5,647)
Cash and cash equivalents at beginning of the year	**37,561**	43,208
Cash and cash equivalents at end of the year	**126,256**	37,561

Net Cash From Operating Activities

For FY21/22, we had net cash from operating activities of approximately HK$39.6 million, mainly as a result of (i) profit before taxation of approximately HK$4.5 million; (ii) adjusted mainly by fair value change in convertible redeemable preferred shares of approximately HK$4.7 million, depreciation of property, plant and equipment of approximately HK$1.5 million, depreciation of right-of-use assets of approximately HK$7.3 million, increase in trade payables of approximately HK$10.9 million, increase in contract liabilities of approximately HK$6.3 million, and increase in other payables and accruals of approximately HK$11.9 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly due to the increase in other receivables, deposits and prepayments of approximately HK$2.0 million, increase in trade receivables of approximately HK$1.7 million and income tax paid of approximately HK$5.3 million.

Net Cash Used in Investing Activities

For FY21/22, we had net cash used in investing activities of approximately HK$4.5 million, which primarily consists of purchases of property, plant and equipment of approximately HK$4.6 million.

Net Cash From (Used in) Financing Activities

For FY21/22, we had net cash from financing activities of approximately HK$53.6 million, which primarily consists of proceeds from issue of convertible redeemable preferred shares of approximately HK$64.1 million and advance from a Director of approximately HK$7.5 million, partially offset by the prepayment of Listing expense of approximately HK$1.6 million, repayments of leases liabilities and related finance cost of approximately HK$7.0 million and repayments to a Director of approximately HK$9.0 million.

Gearing ratio

Gearing ratio (i.e. interest-bearing gross debt (including bank overdraft) divided by total equity) remained relatively stable at 0.01 and nil as at 31 March 2021 and 31 March 2022, respectively.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022** *HK$'000*	**2021** *HK$'000*
Revenue	*4*	790,054	523,029
Cost of goods sold		(667,306)	(431,967)
		122,748	91,062
Other income		28	3,269
Other gains and losses		(4,643)	(112)
Selling and distribution expenses		(68,018)	(44,946)
Administrative expenses		(23,493)	(15,300)
Listing expenses		(21,703)	–
Finance costs		(419)	(236)
Profit before taxation		4,500	33,737
Income tax expense	*5*	(4,725)	(5,004)
(Loss) profit and total comprehensive (expense) income for the year		(225)	28,733
(Loss) earnings per share –	*8*		
Basic (HK cents)		(0.12)	15.77
Diluted (HK cents)		(0.12)	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Notes	**2022** *HK$'000*	**2021** *HK$'000*
Non-current assets			
Property, plant and equipment		5,807	2,756
Right-of-use assets		18,438	16,792
Deposits		4,309	2,401
		28,554	21,949
Current assets			
Inventories		66,282	66,946
Trade receivables	*9*	7,701	5,975
Other receivables, deposits and prepayments		11,494	8,862
Bank balances and cash		126,256	38,525
		211,733	120,308
Current liabilities			
Trade payables	*10*	38,094	27,244
Other payables and accruals		17,657	4,661
Contract liabilities		14,972	8,657
Amount due to a director		–	1,492
Convertible redeemable preferred shares	*13*	68,787	–
Income tax payable		1,487	2,066
Lease liabilities		7,584	5,394
Bank overdraft	*11*	–	964
		148,581	50,478
Net current assets		63,152	69,830
Total assets less current liabilities		91,706	91,779
Non-current liabilities			
Other payable		90	–
Lease liabilities		12,721	12,711
Deferred tax liabilities		149	97
		12,960	12,808
Net assets		78,746	78,971
Capital and reserves			
Share capital	*12*	142	50,000
Reserves		78,604	28,971
Total equity		78,746	78,971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 13 April 2021. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the Company's registered office and the principal place of business is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 9A, Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company acts as an investment holding company and the operating subsidiaries are principally engaged in sales of consumer electronics and home appliances and lifestyle products.

The ultimate controlling shareholders of the Company are Mr. Wu Faat Chi ("Mr. Wu") and Ms. Tsui Ka Wing ("Ms. Tsui"), spouse of Mr. Wu (collectively referred as "Controlling Shareholders") who owned a total of 80.2% equity interests in the Company through their respective wholly-owned investment holding companies incorporated in the British Virgin Islands (the "BVI"), namely The Mearas Venture Limited ("The Mearas Venture"), which is owned by Mr. Wu, and The Wings Venture Limited ("The Wings Venture"), which is owned by Ms. Tsui. Upon listing of the Company's shares on the Stock Exchange (the "Listing") on 10 June 2022, the Controlling Shareholders own a total of 62.3% equity interests in the Company. The Controlling Shareholders are the founders of the group entities now comprising the Group and have been acting in concert on their ownerships and exercise their control collectively over the companies now comprising the Group.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared based on Hong Kong Financial Reporting Standards ("HKFRSs") and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the consolidated financial statements, the Group has consistently applied the accounting policies, which conform with HKFRSs issued by the HKICPA that are effective for the financial year beginning on 1 April 2021.

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs in issue which are not yet effective.

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

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

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

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework* for *Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

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

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

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

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

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

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

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	2022	2021
	HK$'000	*HK$'000*
Sales of products		
– Consumer electronics	**193,703**	138,087
– Beauty and health electronic products	**117,296**	91,626
– Home appliances	**345,217**	207,550
– Computers and peripherals	**80,925**	49,670
– Lifestyle products	**50,115**	35,693
Revenue from sales of products	**787,256**	522,626
Provision of advertising services	**2,798**	403
Total	**790,054**	523,029
Geographical markets:		
– Hong Kong	**772,923**	509,602
– The People's Republic of China (other than Hong Kong)	**9,841**	8,317
– Others	**7,290**	5,110
	790,054	523,029
Timing of revenue recognition:		
– A point in time	**787,256**	522,626
– Over time	**2,798**	403
	790,054	523,029

Performance obligations for contracts with customers

Sales of products

The Group sells products directly to customers through its own retail outlets, through internet sales and through wholesale.

For sales of products 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 internet 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's specific location. When the customer initially purchases the goods online, the payment for transaction is due immediately. The transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

For sales of products through wholesale, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler's specific location. Transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the wholesalers. The normal credit term is generally 30 days upon delivery.

Provision of advertising services

Revenue from the provision of advertising services is recognised over time over the period of service as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the service. Revenue is recognised for the service based on the contract price. The normal credit term is generally 30 days from the date of issue of invoice.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail stores and internet sales where retail customer award points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points any time before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed by the award points holders or expired. The sales discounts is recognised and net to the revenue.

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

Contracts with customers with unsatisfied performance obligations, including customer loyalty programme, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or customer loyalty programme are not disclosed.

Segment information

For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical information of the Group's revenue based on the location of the goods delivered and services rendered is disclosed above. The Group's non-current assets are all located in Hong Kong.

Information about major customers

None of the Group's customers contributed over 10% of the Group's total revenue for both years.

5. INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong Profits Tax	**4,735**	5,004
Overprovision in prior years		
– Hong Kong	**(62)**	–
Deferred tax charge	**52**	–
Income tax expense	**4,725**	5,004

Hong Kong Profits Tax for both years is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Group and at 16.5% on the estimated assessable profits above HK$2,000,000. The profits of other subsidiaries not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

The Company's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK$10,000 (2021: HK$10,000) for the year ended 31 March 2022.

6. (LOSS) PROFIT FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**250**	45
Directors' remuneration	**1,262**	1,200
Other staff costs (excluding the directors' remuneration)		
– Salaries, allowances and other benefits	**27,796**	19,229
– Retirement benefits schemes contributions	**1,199**	880
Total staff costs	**30,257**	21,309
Depreciation of property, plant and equipment	**1,526**	705
Depreciation of right-of-use assets	**7,349**	4,881
Cost of inventories recognised as an expense (including allowance for provision of impairment loss on inventories of HK$640,000 (2021: HK$373,000))	**667,306**	431,967

7. DIVIDENDS

During the year ended 31 March 2021, Yoho E-Commerce Holdings Limited (the "**Yoho E-commerce**"), an indirect wholly-owned subsidiary of the Company, declared dividends of HK$20,155,000 to the then shareholders of Yoho E-Commerce.

The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of the consolidated financial statements.

Other than disclosed above, no dividend was paid or declared by the Company since its incorporation or by other group entities for both years.

8. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the following data:

	2022	2021
	HK$'000	*HK$'000*
(Loss) earnings:		
(Loss) earnings for the purpose of basic (loss) earnings per share (profit for the year attributable to owners of the Company)	**(225)**	28,733
Number of Shares:		
Weighted average number of shares for the purpose of basic (loss) earnings per share	**182,195,122**	182,195,122

There is no substantive characteristics difference between the Tranche One Series A Preferred Shares and ordinary shares, and the shareholders of Tranche One Series A Preferred Shares have identical rights to earnings and dividends as the ordinary shareholders. The Tranche One Series A Preferred Shares are included in the weighted average number of shares for the purpose of basic (loss) earnings per share.

The number of ordinary shares outstanding during both years on the assumption that the reorganisation had been effective on 1 April 2020.

No diluted earnings per share is presented for the year ended 31 March 2021 as there was no potential ordinary share in issue.

During the year ended 31 March 2022, the Company had one category of potential ordinary shares – convertible redeemable preferred shares. These potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

9. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**7,701**	5,975

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$3,859,000.

The Group generally grants credit terms of 30 days to its wholesale customers from the date of invoices. Sales made through retail stores or internet are settled by cash or credit cards through payment gateways, which will generally settle the amounts with the Group within 2 days after the sales made. An ageing analysis of the trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**6,688**	4,634
31 to 60 days	**402**	840
61 to 90 days	**419**	251
Over 90 days	**192**	250
	7,701	5,975

10. TRADE PAYABLES

The credit period granted by suppliers ranged from 0 to 30 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of each reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**31,935**	25,573
31 to 60 days	**2,681**	1,327
61 to 90 days	**1,193**	25
Over 90 days	**2,285**	319
	38,094	27,244

11. BANK OVERDRAFT

As at 31 March 2021, unsecured bank overdraft which denominated in HK$ and carried interest at market rates which was 4%. The entire balance was subsequently settled after 31 March 2021.

12. SHARE CAPITAL

The share capital of the Group as at 1 April 2020 represented the share capital of Yoho E-Commerce; and that as at 31 March 2021 represented the share capital of Yoho Holdings (BVI) Limited (the "**Yoho BVI**"), a directly wholly-owned subsidiary of the Company, while certain share capital in the form of series A preferred shares afforded the holders special rights.

Details of the series A preferred shares of Yoho E-Commerce and Yoho BVI are disclosed as follows:

	Yoho E-Commerce		**Yoho BVI**	
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*
At 1 April 2020	36,195,122	40,000	–	–
Issuance of series A preferred shares of Yoho BVI	(36,195,122)	(40,000)	36,195,122	40,000
At 31 March 2021	–	–	36,195,122	40,000
Issuance of Tranche One Series A Preferred Shares	–	–	(36,195,122)	(40,000)
As at 31 March 2022	–	–	–	–

The holders of series A preferred shares of Yoho E-Commerce and Yoho BVI shall be entitled to participate pro-rata in any dividends declared or paid on the ordinary shares and in any other distribution of surplus assets of Yoho E-Commerce and Yoho BVI, respectively, on an as-if converted basis.

The series A preferred shares of Yoho E-Commerce and Yoho BVI shall be converted into ordinary shares of Yoho E-Commerce and Yoho BVI, respectively, at the conversion rate of one ordinary share for each series A preferred share upon request by the holders of the series A preferred shares.

In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho E-Commerce and Yoho BVI, the holder of the series A preferred shares of Yoho E-Commerce and Yoho BVI, respectively, shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho E-Commerce and Yoho BVI, respectively, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho E-Commerce and Yoho BVI enjoyed the same voting rights of a holder of the ordinary shares of Yoho E-Commerce and Yoho BVI, respectively.

The share capital of the Group as at 31 March 2022 represented the share capital of the Company.

Authorised:

	Number of shares	Nominal value of ordinary shares
		US$'000
At 13 April 2021 (date of incorporation)	50,000	50
Share subdivision	499,950,000	–
At 31 March 2022	500,000,000	50

On 20 May 2021, each issued and unissued share of US$1.0 par value in the authorised share capital of the Company was subdivided into 10,000 shares of US$0.0001 par value each.

Issued:

	Number of ordinary shares	Number of Tranche One Series A Preferred Shares	Equivalent nominal value of ordinary shares	Equivalent nominal value of ordinary shares
			US$'000	*HK$'000*
At 13 April 2021 (date of incorporation)	1	–	–	–
Issuance of ordinary shares to The Mearas Venture	74,459,999	–	7	58
Issuance of ordinary shares to The Wings Venture	71,540,000	–	7	56
Issuance of Tranche One Series A Preferred Shares	–	36,195,122	4	28
At 31 March 2022	146,000,000	36,195,122	18	142

The holders of Tranche One Series A Preferred Shares shall be entitled to participate pro rata in any dividends declared or paid on the ordinary shares and in any other distribution of surplus assets of the Company on an as-if converted basis.

The Tranche One Series A Preferred Shares shall be converted into ordinary shares at the option of holders at any time, or upon the consummation of a qualified initial public offerings ("QIPO"), all the Tranche One Series A Preferred Shares shall automatically be converted into ordinary shares of the Company in accordance with conversion rate of one ordinary share of the Company for each Tranche One Series A Preferred Share held.

The Tranche One Series A Preferred Shares also carry certain special rights including but not limited to director nomination right, right of first offer, tag-along right were granted by the Company to the holders of the Tranche One Series A Preferred Shares.

In the event of a deemed liquidation event or any liquidation, dissolution or winding up of the Company, the holder of the Tranche One Series A Preferred Shares shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares, an amount per share equal to HK$1.0 (irrespective of the original purchase price paid for such Tranche One Series A Preferred Shares by the respective holder thereof), together with any declared but unpaid dividends. The holder of Tranche One Series A Preferred Shares enjoys the same voting rights of a holder of the ordinary shares of the Company.

The Tranche One Series A Preferred Shares were classified as equity instrument since the Tranche One Series A Preferred Shares were non-redeemable and the distribution to holders of the Tranche One Series A Preferred Shares are at the discretion of the Company which contain no contractual obligation to deliver cash or other financial asset or to deliver a variable number of its own equity instruments.

13. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On 20 May 2021, certain independent third parties and Mr. Adamczyk Alexis Thomas David, one of the Group's non-executive Director (collectively referred as the "2021 Pre-IPO New Shares Investors"), the Company, Mr. Wu and Ms. Tsui entered into a subscription agreement, pursuant to which the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 series A preferred shares of the Company ("Tranche Two Series A Preferred Shares") at a total consideration of US$8,250,000 (equivalent to HK$64,103,000). Tranche Two Series A Preferred Shares enjoyed all the rights entitled to Tranche One Series A Preferred Shares as set out in note 12.

In addition, the Tranche Two Series A Preferred Shares held by the 2021 Pre-IPO New Shares Investors contain put option right (such right survives after the submission of the application for the Listing but can only be exercised if a QIPO does not take place within the prescribed period of time or the occurrence of any liquidation, dissolution or winding up of the Company, a merger, acquisition, change of control, consolidation, amalgamation or other transaction or series of transactions in which the Company's shareholders prior to such transaction or transactions shall not retain a majority of the voting power of the surviving entity, or a sale, lease, licence or other transfer of all or substantially all the Company's assets), which is not granted to holders of the Tranche One Series A Preferred Shares. The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at FVTPL with the changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

The movement of the fair value of the convertible redeemable preferred shares is set out as below:

	HK$'000
At 1 April 2020 and 2021	–
Issued during the period	64,103
Fair value change	4,684
At 31 March 2022	68,787

The convertible redeemable preferred shares issued by the Company were measured at fair value at 21 May 2021 and 31 March 2022 by D&P China (HK) Limited, an independent qualified professional valuer engaged by the Company with the registered address as 3F, Three Pacific Place 1, Queens Road East, Hong Kong based on Black-Scholes Option Pricing Model.

On 10 June 2022, the Tranche Two Series A Preferred Shares was converted into 15,031,101 ordinary shares of the Company. For details, please refer to the section "Events after the reporting period" of this announcement.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK$523.0 million for FY20/21 to approximately HK$790.1 million for FY21/22, representing an increase of approximately 51.1%. The increase in our revenue was primarily due to the increase in revenue through online sales and offline retail store sales in the Yoho OMO Business, as a result of (i) the increase in various operating data including our registered members, number of completed orders and basket value per order; (ii) our Group's continuing proactive market share acquisition strategy and its product portfolio expansion strategy resulting in the increase in brand diversity; (iii) increase in marketing campaigns resulting in the increase in brand awareness and customer bases of our Group; (iv) more and lengthened promotional campaigns launched in collaboration with several financial institutions and financial technology companies; and (v) implementation of supportive government policies including the CVS.

Cost of goods sold

Our cost of goods sold increased from approximately HK$432.0 million for FY20/21 to approximately HK$667.3 million for FY21/22, representing an increase of approximately 54.5%. The increase in our cost of goods sold was primarily in line with revenue growth for the same period.

Gross profit

Our gross profit increased from approximately HK$91.1 million for FY20/21 to approximately HK$122.7 million for FY21/22, representing an increase of approximately 34.8%, which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, our gross profit margin decreased from approximately 17.4% for FY20/21 to approximately 15.5% for FY21/22, mainly due to our continuous expansion of product portfolio, a more aggressive position in our pursuit of competitive pricing and launches of promotional campaigns during FY21/22, which became new dimensions of our proactive market share acquisition strategy. Since January 2021, the gross profit margin of our Group has largely stabilised at around 15.0%. For details, please refer to the section headed "Financial Information" of the prospectus of the Company dated 26 May 2022 (the "**Prospectus**").

Other income

Our other income decreased from approximately HK$3.3 million for FY20/21 to approximately HK$28,000 for FY21/22 primarily due to the decrease in government grants of approximately HK$3.1 million, which mainly include the wages subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government.

Other gains and losses

We recorded other losses of approximately HK$112,000 and HK$4.6 million for FY20/21 and FY21/22 respectively. The increase in other losses was primarily due to the fair value change in convertible redeemable preferred shares of HK$4.7 million for FY21/22.

Selling and distribution expenses

Our selling and distribution expenses increased from approximately HK$44.9 million for FY20/21 to approximately HK$68.0 million for FY21/22 primarily due to (i) the increase in marketing and promotion expenses attributable to the increase in our promotion on search engine platforms, online media platforms and TV commercials platforms; (ii) the increase in logistics and storage cost charged by the third party service providers due to the increase in number of completed orders of our Group of approximately 36.7% from FY20/21 to FY21/22; and (iii) the increase in transaction cost charged by online payment services.

Administrative expenses

Our administrative expenses increased from approximately HK$15.3 million for FY20/21 to approximately HK$23.5 million for FY21/22 primarily due to the increase in staff cost as a result of the increase in headcount from 71 in FY20/21 to 95 in FY21/22 due to the business growth and future expansion.

Finance costs

Our finance costs increased from approximately HK$236,000 for FY20/21 to approximately HK$419,000 for FY21/22, representing the increase in the interest on lease liabilities attributable to the increase of lease liabilities.

Income tax expense

Our income tax expense decreased from approximately HK$5.0 million for FY20/21 to approximately HK$4.7 million for FY21/22 primarily due to the decrease in profit before tax for the same period. Our effective tax rate was approximately 14.8% and approximately 105.0% for FY20/21 and FY21/22, respectively.

Notwithstanding we recorded a profit before tax of approximately HK$4.5 million, the income tax expense of approximately HK$4.7 million was recognised and hence we recorded effective tax rate of approximately 105.0% for FY21/22. It is mainly due to the recognition of fair value change in convertible redeemable preferred shares of approximately HK$4.7 million and Listing expenses of approximately HK$21.7 million which are not deductible for tax purpose.

(Loss) profit for the year

As a result of the foregoing, we recorded a net loss of approximately HK$225,000 for FY21/22 as compared with a net profit of approximately HK$28.7 million for FY20/21. Our net profit margin decreased from approximately 5.5% for FY20/21 to net loss margin of approximately 0.0% for FY21/22. We recorded net loss for FY21/22 primarily due to the recognition of fair value change in convertible redeemable preferred shares of approximately HK$4.7 million and Listing expenses of approximately HK$21.7 million.

Trade receivables

Our trade receivables increased from approximately HK$6.0 million as at 31 March 2021 to approximately HK$7.7 million as at 31 March 2022 which was attributable to the increasing trend of sales during FY21/22.

An ageing analysis of trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

	As at 31 March 2022	As at 31 March 2021
	HK$'000	*HK$'000*
Within 30 days	**6,688**	4,634
31 to 60 days	**402**	840
61 to 90 days	**419**	251
Over 90 days	**192**	250
	7,701	5,975

Trade payables

Our trade payables increased from approximately HK$27.2 million as at 31 March 2021 to approximately HK$38.1 million as at 31 March 2022 primarily due to longer credit terms granted by our suppliers to our Group due to our good reputation.

The ageing analysis of trade payables of our Group presented based on the invoice dates at the end of each reporting period is as follows:

	As at 31 March 2022	As at 31 March 2021
	HK$'000	*HK$'000*
Within 30 days	**31,935**	25,573
31 to 60 days	**2,681**	1,327
61 to 90 days	**1,193**	25
Over 90 days	**2,285**	319
	38,094	27,244

Non-HKFRS measures

In order to supplement our consolidated statements of profit or loss and other comprehensive income, which are presented in accordance with HKFRS, we also use adjusted net profit as non-HKFRS measures as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in income from operations and net profit, and therefore provide useful information to investors and others in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that these non-HKFRS measures provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects, and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted net profit as non-HKFRS measures as profit for the year adjusted by (i) fair value change in convertible redeemable preferred shares and (ii) Listing expenses. Given that (i) fair value change in convertible redeemable shares was resulted from the conversion right to ordinary share granted to the holders of the Series A convertible preferred shares of our Company ("**Series A Preferred Shares**") which has been exercised upon Listing and (ii) the Listing expenses were incurred for the purpose of the Listing, these items will no longer exist after the Listing. The use of adjusted net profit as non-HKFRS measures has material limitations as an analytical tool because they do not reflect all items of income and expenses that affect our operations. When assessing our operating and financial performance, you should not consider adjusted net profit as non-HKFRS measures in isolation from or as a substitute for our profit or loss for the year, gross profit or any other financial performance measure that is calculated in accordance with HKFRS. The term "adjusted net profit as non-HKFRS measures" is not defined under HKFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following table sets forth our adjusted net profit as non-HKFRS measures for the years indicated:

	FY21/22	FY20/21
	HK$'000	*HK$'000*
(Loss) profit for the year	**(225)**	28,733
Adjusted for:		
Fair value change in convertible redeemable preferred shares	**4,684**	–
Listing expenses	**21,703**	–
Adjusted net profit as non-HKFRS measures	**26,162**	28,733

OTHER INFORMATION

Global Offering and Listing

On 26 May 2022, the Company offered 55,000,000 ordinary shares (the "**Shares**") for subscription by public in the Global Offering. The offer price per Share was determined at HK$2.10 and the Shares were successfully listed on the Main Board of the Stock Exchange on 10 June 2022. The net proceeds (after deduction of underwriting fees and commissions and other listing expense) from the Global Offering were approximately HK$74.7 million. The net proceeds would be applied in manners described under the section headed "Future Plans and Use of Proceeds" to the Prospectus.

The Shares were only listed in June 2022. The Company raised new capital through the Global Offering in 2022, and details of the proposed use of proceeds are set out in the Prospectus.

Talent remuneration

Including the Directors, as at 31 March 2022, our Group had 95 permanent full-time employees as compared with 71 as at 31 March 2021. Our Group provides remuneration package consisting of basic salary, bonus, and other benefits to them. Bonus payments are discretionary and dependent on both our Group's and individual performances. Our Group also provides comprehensive medical and life insurance coverage, competitive retirement benefits schemes, and staff training programs and operates a share option scheme.

Capital expenditure

During FY21/22, our Group acquired items of property, plant and equipment of approximately HK$4.6 million (FY20/21: HK$1.0 million).

Contingent liabilities

Our Group had no material contingent liabilities as at 31 March 2021 and 31 March 2022.

Foreign exchange exposure

Substantially all of our Group's monetary assets and liabilities are primarily denominated in Hong Kong dollars ("**HK$**"), United States dollars ("**US$**") and Japanese yen ("**JPY**"). Given the pegged exchange rate between HK$ and US$, the exposure of entities that use HK$ as their respective functional currencies to the fluctuations in US$ is minimal. However, exchange rate fluctuations between HK$ and JPY could affect our Group's performance and asset value. Our Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging arrangements for significant foreign currency exposure should the need arise.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

Events after the Reporting Period

Save as disclosed in this announcement, there were no other significant events that may affect our Group since the end of the Reporting Period.

Subsequent events of our Group are set out below.

(a) on 20 May 2022, the Company adopted a share option scheme, the principal terms of which are set out in the subsection headed "D. Share Option Scheme" in Appendix IV to the Prospectus;

(b) pursuant to the general meeting of all shareholders of the Company held on 20 May 2022, it was resolved, among other things, that:

- the Company's authorised share capital was increased from US$50,000 divided into 448,773,777 Shares with a par value of US$0.0001 each and 51,226,223 Series A Preferred Shares with a par value of US$0.0001 each to US$200,000 divided into 1,948,773,777 Shares with a par value of US$0.0001 each and 51,226,223 series A preferred shares with a par value of US$0.0001 each by the creation of 1,500,000,000 Shares;

- conditional upon the fulfilment or waiver of the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" in the Prospectus and subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of the new shares under the Global Offering, the Directors were authorised to allot and issue a total of 247,773,777 Shares credited as fully paid at par to the Shareholders and holders of Series A Preferred Shares whose names appear on the register of members of the Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue (as defined in the Prospectus) in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company (assuming that all Series A Preferred Shares having been converted into ordinary shares on an one-to-one basis), each ranking pari passu in all respects with the then existing issued Shares, by way of capitalisation of an amount of US$24,777.3777 standing to the credit of the share premium account of the Company; and

- conditional upon completion of the Global Offering, each of the Series A Preferred Shares of the Company be converted into ordinary shares on an one-to-one basis by the re-designation and re-classification thereof into ordinary shares, such that the authorised share capital of the Company is US$200,000 divided into 2,000,000,000 shares of US$0.0001 each; and

(c) following the successful Listing on the Stock Exchange on 10 June 2022, the Company has completed the followings:

- conversion of (i) 36,195,122 Tranche One Series A Preferred Shares (as defined in the Prospectus) and (ii) 15,031,101 Tranche Two Series A Preferred Shares (as defined in the Prospectus) into 51,226,223 ordinary shares of the Company;

- Capitalisation Issue (as defined in the Prospectus) of 247,773,777 ordinary shares of US$0.0001 each; and

- issuance of 55,000,000 new Shares of US$0.0001 each issued at the offer price of HK$2.10 per Share for the Global Offering.

Compliance with the corporate governance practices

The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

As the Company has not yet listed on the Stock Exchange until 10 June 2022 (the "**Listing Date**"), the CG Code was not applicable to the Company during the year ended 31 March 2022. The Company has complied with all the applicable code provisions set out in the CG Code throughout the period from the Listing Date to the date of this announcements, save for the deviation from the code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

The positions of chairman and chief executive officer are held by Mr. Wu Faat Chi ("**Mr. Wu**"). While this will constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decisions to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of eight Directors, and the Company believe there is sufficient check and balance on the Board; (ii) Mr. Wu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the Company and will make decisions of our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Group.

Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both the Board and senior management levels.

Finally, as Mr. Wu is one of the founders of the Yoho OMO Business, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Code of conduct for securities transactions by Directors

The Company has adopted its own securities dealing code regarding the code of conduct of Directors on dealings in the Company's securities (the "**Securities Handling Policy**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. As the Company has not yet listed on the Stock Exchange until the Listing Date, the provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding the securities transactions were not applicable to the Company during the period under review. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required provisions set out in the Securities Handling Policy throughout the period from the Listing Date to the date of this announcement.

Review by the Audit Committee

The audit committee of the Board (the "**Audit Committee**") has reviewed and discussed with the management of the Company the audited financial results for the year ended 31 March 2022.

The Audit Committee has also discussed matters in relation to the accounting policies and practices adopted by the Company and internal control with senior management members and the auditor.

The Audit Committee comprises two independent non-executive Directors, namely Mr. Ho Yun Tat (the chairman of the Audit Committee) and Mr. Chan Shun, and one non-executive Director, namely Mr. Adamczyk Alexis Thomas David.

Scope of work of Messers. Deloitte Touche Tohmatsu

The figures in respect of our Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by our Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of our Group for the year as approved by the Board on 17 June 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Final dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2022.

Annual general meeting

The annual general meeting of the Company ("**AGM**") will be held on 16 September 2022. Notice of the AGM and the Company's annual report for the year ended 31 March 2022 will be published and despatched respectively in the manner as required by the Listing Rules in due course.

Closure of register of members

The register of members of the Company will be closed from 13 September 2022 to 16 September 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 September 2022.

Publication of the annual results announcement and annual report

This announcement has been published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.yohohongkong.com**. The annual report of the Company for the year ended 31 March 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

By Order of the Board
Yoho Group Holdings Limited
友和集團控股有限公司
Wu Faat Chi
Chairman and Executive Director

Hong Kong, 17 June 2022

As at the date of this announcement, the executive Directors are Mr. Wu Faat Chi and Ms. Tsui Ka Wing; the non-executive Directors are Mr. Man Lap, Mr. Hsieh Wing Hong Sammy and Mr. Adamczyk Alexis Thomas David; and the independent non-executive Directors are Dr. Qian Sam Zhongshan, Mr. Chan Shun and Mr. Ho Yun Tat.