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 2024

The board (the "**Board**") of directors (the "**Directors**") of Yoho Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated financial results (the "**Annual Results**") of the Group for the year ended 31 March 2024 (the "**Reporting Period**") together with the comparative figures for the year ended 31 March 2023.

FY23/24 OPERATIONAL HIGHLIGHT

1. Gross merchandise value (the "**GMV**")*(Note 1)* reached approximately HK$926.3 million, representing a decrease in the amount of approximately 0.3% in FY23/24*(Note 2)* compared to FY22/23 (FY22/23: approximately HK$929.2 million).

2. Number of registered members*(Note 3)* increased to approximately 1,108,000 as at 31 March 2024 (as at 31 March 2023: approximately 961,000).

3. Number of orders intake*(Note 4)* decreased to approximately 475,000 for FY23/24 (FY22/23: approximately 477,000), with basket value*(Note 5)* per order decreased to approximately HK$1,948 for FY23/24 (FY22/23: approximately HK$1,950).

FY23/24 FINANCIAL HIGHLIGHT

1. Revenue reached HK$841.1 million for FY23/24, representing a decrease of approximately 1.6% compared to FY22/23 (FY22/23: approximately HK$855.1 million).

2. Achieved an overall gross profit margin of approximately 14.5% for FY23/24 (FY22/23: approximately 15.3%).

3. Adjusted net profit*(Note 6)* of approximately HK$23.4 million for FY23/24 (FY22/23: approximately HK$23.0 million).

4. Net profit of approximately HK$22.3 million for FY23/24 (FY22/23: net profit of approximately HK$6.3 million), was primarily attributable to:

   - the decrease in expenses relating to the listing of our shares (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in June 2022 from approximately HK$12.5 million for FY22/23 to nil for FY23/24; and

   - stringent cost management measures.

5. Strong net cash position of approximately HK$230.9 million as at 31 March 2024 (as at 31 March 2023: approximately HK$211.3 million).

6. The Board recommends the payment of a final dividend of HK$0.030 per ordinary share for FY23/24 (FY22/23: HK$0.024).

Notes:

1. The "GMV" for a particular financial year is equivalent to the total gross sales dollar value of all relevant orders intake for products and services during that financial year, regardless of whether the products and services are delivered, returned or cancelled; before deductions for discounts offered by us and set-offs by virtue of conversion of membership points; and inclusive of shipping and handling charges, duty and taxes.

2. FYX/Y: the financial year ended or ending (as the case may be) on 31 March of the year Y. For example, "FY23/24" refers to the year ended 31 March 2024.

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 orders intake" for a particular financial year consists of orders placed with us, 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) and third-party online marketplaces during that financial year.

5. The "basket value" for a particular financial year is calculated by dividing our GMV by the number of orders intake 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) expenses relating to the listing of our Shares on the Main Board of the Stock Exchange on 10 June 2022 (the "**Listing**"), (iii) share-based payment settled by our controller shareholder, and (iv) share options grant to Directors and certain employees of the Company.

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to extend my sincere gratitude to all stakeholders, including our customers, suppliers, business partners, employees, and the shareholders of Yoho Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), for their unwavering support and trust over the years. We are dedicated to creating value for all stakeholders and look forward to your continued support in this dynamic business environment.

Business Overview and Results Highlights

We operate our business under an Online-Merge-Offline ("**OMO**") model (the "**Yoho OMO Business**"), which harnesses our both online and offline presence by leveraging technology allowing our customers to enjoy the myriad benefits of a seamless shopping experience created through the integration of online and offline retail channels. Our direct-to-consumer platform (the "**1P Business Model**") focuses on the sale of consumer electronics and electronic appliances, while our marketplace platform (the "**3P Business Model**") expanded to more diverse product categories in FY23/24, now encompassing beauty and skincare, health and wellness, mother and baby, household, pet supplies, wines and spirits, toys, menswear, womenswear, and kidswear, as well as supermarket groceries. Collectively, our 1P Business Model and 3P Business Model span across 20 major categories, catering to a wide spectrum of consumer shopping demands.

Capitalizing on the Yoho OMO Business, we recorded a GMV of approximately HK$926.3 million in FY23/24, maintaining a stable performance relative to the approximately HK$929.2 million recorded in FY22/23, despite a challenging market landscape.

In light of investors' expectations on dividend distribution, the Board has proposed to declare a final dividend of HK$0.030 per share for FY23/24 (compared to HK$0.024 for FY22/23) in an aggregate amount of approximately HK$14.9 million, which is subject to approval by the shareholders in the annual general meeting scheduled for 30 August 2024.

Annual Review

Over the past year, the rhythm of economic recovery has remained uncertain. In navigating this ambiguity, we implemented a strategy focused on seeking progress in stability, channeling our resources towards key developmental initiatives and rigorously managing costs. While our performance this year fell short of previous years' growth, I believe that we still managed to achieve an industry-leading performance.

Economic Landscape: The economic climates of both Hong Kong and Mainland China continue to be sluggish, significantly slowing Hong Kong's recovery pace. High interest rates have dampened the real estate market and financial asset valuations, consequently weakening local consumer spending power. Due to decreased disposable income, consumers are exercising increased caution, scaling back on discretionary spending. Additionally, the economic deceleration in China has altered the spending habits of mainland tourists visiting Hong Kong, they no longer engage in lavish spending during their visits and have become more budget-conscious, with some even choose to stay overnight in Shenzhen to save costs and simply stroll around Hong Kong.

Greater Bay Area ("**GBA**") Integration: The concept of Guangdong-Hong Kong-Macao GBA has been established for years, but it has swiftly become an unavoidable trend and the new normal in the aftermath of the pandemic. The changing consumption behaviors of mainland tourists traveling southward and the trend of Hong Kong residents traveling northward have now become the new norm. In this new normal, the industry is experiencing a significant reshuffle. Companies that are slow to pivot are facing extremely challenging conditions, and those lacking robust capabilities will quickly be phased out from the competitive field.

Merger and Acquisition Opportunities: Over the past year, we have dedicated resources to identifying and evaluating merger and acquisition opportunities with the aim of accelerating the Company's growth. We have encountered several promising prospects and expect to initiate actions in the near future.

Artificial Intelligence ("**AI**"): During the year, we have witnessed rapid advancements in AI technology. The widespread adoption of AI makes previously unattainable applications more accessible and lowers technological barriers. We have planned dozens of AI features aimed at enhancing customer experiences and streamlining internal operations. In March 2024, we introduced the Yoho AI Assistant on the Yoho E-commerce Platform, a personal AI shopping assistant to tackle various shopping queries, with plans to progressively roll out its features. Additionally, several AI tools designed to improve our internal operations have already been adopted, significantly enhancing our operational efficiency.

Share Buyback: In the context of sustained high interest rates and the unavoidable depreciation of asset values, we have initiated ongoing share repurchases on the open market during the year. Our management believes that the current stock price does not reflect the accurate value of the Company nor its prospective future potential. Timely repurchases are deemed beneficial for all shareholders.

Prospects

1P Business Model: We are steadfast in our commitment to intensify our focus on our core 1P business centering on electronics and appliances, in pursuit of an augmented market share. Currently, we see considerable untapped potential, including fortifying our supply chain alliances, venturing into unexplored product categories, and bolstering our presence in sectors where our market share remains modest. Furthermore, the departure of some entrenched competitors from the market carves out avenues for our organic growth. Despite the forecasted complexities in Hong Kong's retail landscape over the forthcoming year, we remain resolutely optimistic about our growth trajectory.

3P Business Model: While the Company has not disclosed extensive data, this new business sector has consistently demonstrated steady growth throughout the year, evidenced by increases in the number of merchants, product offerings, and GMV. We initially designed the platform to serve a wide demographic as a mid-tier department store, featuring an array of premium merchants or products. Supported by various strategic initiatives, the monthly basket value has consistently remained at a higher level, aligning with our positioning. Several prestigious brands have onboarded the platform and achieved commendable results. Moreover, we have made multiple enhancements to the platform's infrastructure to fuel future growth. We look forward to achieving a more significant result with the 3P Business Model in the next fiscal year.

GBA: The earlier discussion touched upon the challenges arising from the Guangdong-Hong Kong-Macao GBA. Yet, opportunity lies in crisis, and we have identified various prospects in this new normal, particularly beneficial for a youthful company like ours, which is more likely to seize these new opportunities. We aim to expand our target consumer market across the GBA, and leverage the region's cost-effective and abundant resources to strengthen our operations in Hong Kong. Having laid a foundation over the past year, we are poised to implement definitive strategies in the upcoming fiscal year.

Southeast Asia: Over the past year, we have garnered valuable experiences and resources, unveiling opportunities we previously overlooked. In the coming year, we will adopt a more proactive approach in exploring the growth potential in Southeast Asia and will lay the groundwork for expansion. We look forward to expanding our business footprint across the broader Southeast Asian market, leveraging the necessary resources and strategic alignment.

Wu Faat Chi
Chairman and Executive Director
27 June 2024

BUSINESS REVIEW

Overall performance

During FY23/24, despite the lifting of the gloom marked by the COVID-19 pandemic, the retail landscape in Hong Kong continued to confront substantial hurdles. The sector grappled with the repercussions of global economic uncertainties, a sluggish recovery in China and the persistent high interest rates that stifled both the stock and real estate markets. These factors collectively curtailed the local consumer confidence and spending power, leading to more cautious shopping behaviors. Additionally, the significant migration trend of Hong Kong residents traveling northward for shopping has led to a diversion of consumer spending away from Hong Kong and diminished the vibrancy of the local retail environment. The situation was further complicated by changes in the spending patterns of mainland tourists, with many shifted from traditional shopping to engaging in street check-ins and pursuing in-depth cultural tourism in Hong Kong, adding another layer of complexity to the city's retail dynamics.

Amid a challenging business environment, the Group inevitably felt the impact. However, leveraging our agile OMO retail model, precise market strategies, and efficient inventory management, we successfully maintained stable operational performance in FY23/24. Our GMV and revenue reached approximately HK$926.3 million and approximately HK$841.1 million, respectively. Despite a slight decline in GMV and revenue for the year influenced by adverse external market conditions, our swift response to the evolving business landscape enabled us to significantly improve our performance in the second half of FY23/24, with approximately a 10.2% increase in GMV and a 9.3% increase in revenue compared to the same period last year. The performance rebound effectively counterbalanced the greater sales pressure the Group experienced in the first half of FY23/24.

In response to subdued retail sentiment, we escalated our promotional efforts and strategically boosted sales of certain high-demand products with lower margins during the year. This strategic adjustment resulted in a reduction in our gross margin to 14.5%, however, we anticipate that the gross margin will remain steady at this level going forward. Despite these challenges, our adaptable cost structure and robust cost discipline have safeguarded our profitability. Remarkably, our net profit surged approximately 253.9% to approximately HK$22.3 million, and our adjusted net profit increased by approximately 1.5% to approximately HK$23.4 million, underscoring our ability to navigate market fluctuations effectively.

Given that the stock price within the year has not adequately reflected the Group's intrinsic value and prospective developments, with a steadfast dedication to upholding shareholder interests, the Group repurchased a total of approximately 2.2 million shares on the Stock Exchange in FY23/24. Concurrently, after a thorough consideration of the Group's robust business resilience and future business growth needs, the Board has recommended a final dividend of HK$0.03 per share, reaffirming our commitment to the sustained creation of shareholder value.

Debut of Yoho AI assistant to transform e-commerce experience

During FY23/24, the Group took a major step forward in fusing AI technology with the retail experience by unveiling its Yoho AI Assistant, a personal AI shopping assistant on the Yoho E-commerce Platform. The Yoho AI Assistant is the cornerstone of the Group's commitment to creating a shopping experience embodying five core objectives of personalization, professionalism, convenience, efficiency, and cost-effectiveness. It offers a wide array of features designed to assist customers at every step of their shopping journey, including summarized product information, personalized product search, product comparisons, price comparisons, aggregated product reviews, product recommendations, 24/7 customer service, and shopping reminders. With a planned phased rollout, users can gradually adapt to and benefit from each new functionality as it becomes available, thereby elevating the overall shopping experience.

1P Business Model

In a difficult year characterized by slow recovery in the local retail market and a trend of Hong Kong residents toward increased consumption in mainland China, the Group managed to achieve stable performance and profitability through strategic recalibrations across its business operations. Our 1P business continued to serve as a pivotal contributor, laying a solid foundation for the exploration of our new business ventures. To counter the consumer trend towards more conservative spending, we amplified our marketing focus on major appliances which are typically seen as necessities and therefore considered to have inelastic demand. This approach enabled the Group to sustain a robust sales performance, with the major appliances category reporting a revenue increase of approximately 29.2% year-over-year, amounting to approximately HK$180.9 million.

Meanwhile, the Group has actively enhanced its core strengths to prepare itself for a resurgence in the retail sector, by focusing on continuous enhancements to the Yoho E-commerce Platform and expanding its membership base. As of 31 March 2024, the number of registered members exceeded 1.1 million, boasting an industry-leading basket value of approximately HK$1,948. In a parallel stride, the Group has further improved its logistics capabilities by partnering with third-party providers to offer same-day delivery for selective orders placed before noon. This logistical prowess has consistently elevated customer satisfaction and cemented a stronger bond of loyalty among consumers.

3P Business Model

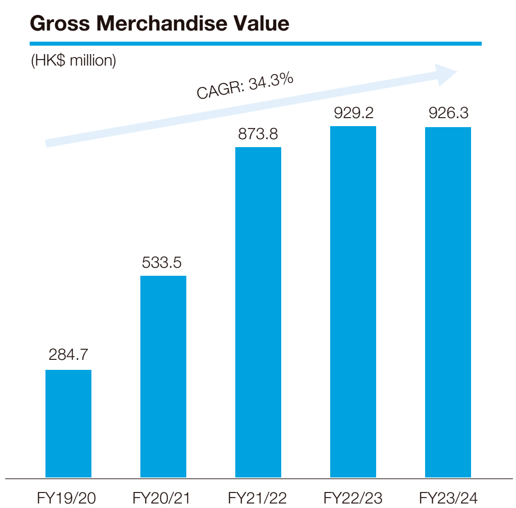
During FY23/24, the Group strategically invested to advance its marketplace, concentrating on upgrading the Yoho E-commerce Platform's functionality and settings to better merchant experience and provide them with innovative features tailored to their marketing needs. Throughout the year, the Group saw a marked rise in sales commission revenue, as well as a significant expansion in the number of merchants and the variety of Stock Keeping Units ("**SKUs**") available. As of 31 March 2024, the Yoho E-commerce Platform had drawn in approximately 620 merchants, offering over 30,000 SKUs. This growth broadened the Group's product lineup and opened up numerous cross-selling opportunities.

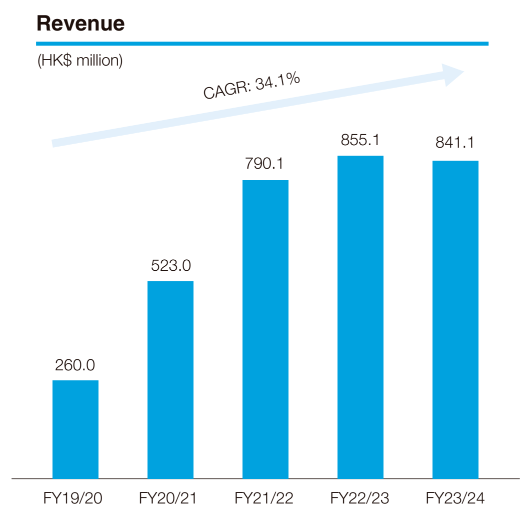
Additionally, the Group has made significant headway in securing partnerships with well-known brands across diverse sectors such as toys, household, and health and wellness. These established brands come with loyal customer bases and their significant market presence also contributes to attracting new customers, in turn boosting the Yoho E-commerce Platform's visibility and enriching its overall ecosystem.

To better address the needs of our merchants and enhance conversion rates, we launched a series of targeted marketing initiatives such as flash sales, displays in physical stores, and themed product fairs, throughout the year. These promotional activities not only stimulated consumer buying interest but also reinforced the Group's position as a top retailer of premium products. Furthermore, we introduced specialized advertising services for high-potential merchants, designed to ensure their marketing campaigns effectively reach their intended audiences while generating new revenue streams for the Group.

Business performance

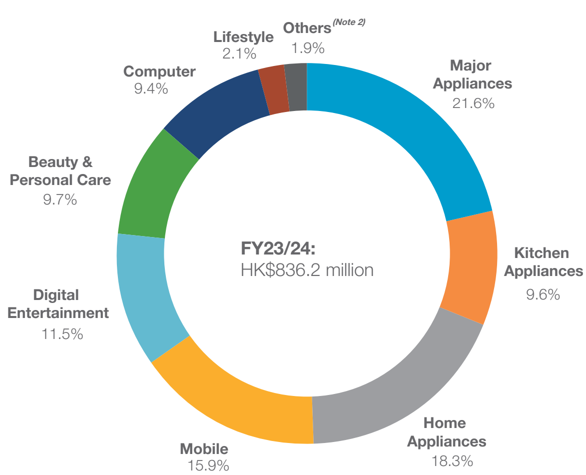
Our GMV and revenue reached approximately HK$926.3 million and approximately HK$841.1 million, respectively, a slight decline in GMV and revenue influenced by adverse external market conditions.

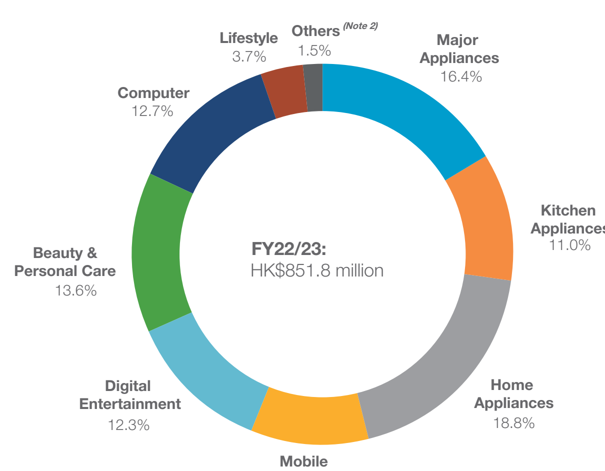




In terms of product category, the below graph demonstrated the diversity in our product offering to satisfy customers' demand.

Revenue breakdown by product category *(Note 1)*





Notes:

1. Excluding revenue generated from the provision of advertising services.

2. Others refers to Toys, Makeup & Skincare, Household, Health & Wellness, Mother & Baby, Pet Supplies and Wine & Spirits.

Business highlights

With an 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, Cheung Sha Wan and Causeway Bay 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:

	FY23/24	FY22/23	Movement
GMV *(HK$ million)*	**926.3**	929.2	-0.3%
Number of registered members	**1,108,000**	961,000	15.3%
Number of orders intakes	**475,000**	477,000	-0.4%
Basket value *(HK$)*	**1,948**	1,950	-0.1%

Growing customer base

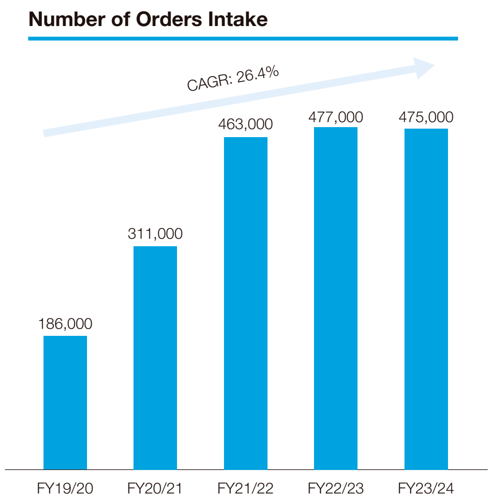
We have established a customer base comprising over 1,108,000 registered members as at 31 March 2024.

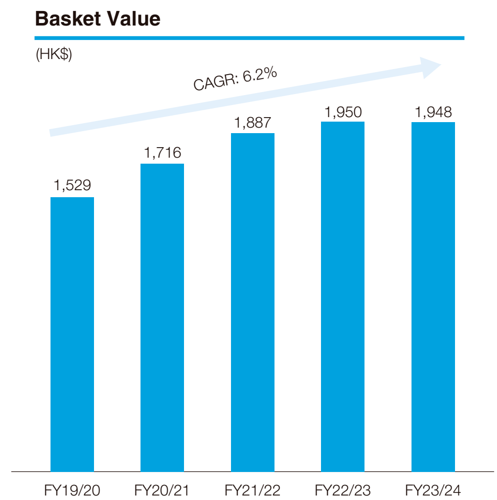
Source: Internal system.

The above result was facilitated by our membership programme in strengthening customer loyalty and incentivising our customers to make repeat purchases. The growing customer base also echoed with our brand name which encapsulates our ideology to create a one-stop e-commerce platform to cater both online and offline retail market under our OMO business model.

Sustained performance in meeting increased demand

The number of orders intake and the basket value of purchase by our customers remain steady, representing a year-on-year slight decrease of 0.4% and 0.1% in FY23/24, respectively.

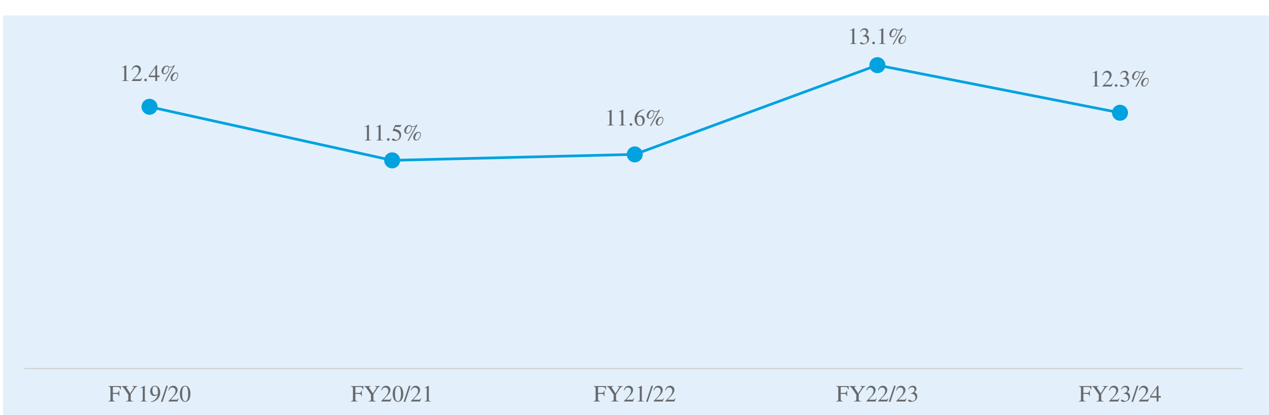




Disciplined cost efficiency

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 FY22/23 and FY23/24 remained relatively stable at approximately 13.1% and 12.3% of our total revenue for the relevant year, respectively.

Total Operating Expenses (as % of total revenue)



PROSPECT

We expect that the retail landscape in Hong Kong to remain challenging, yet business pressures might ease in the latter half of the year. Anticipated decreases in global interest rates starting from the second half of 2024 will likely energize both the stock and real estate markets, potentially boosting consumer confidence and spending capacity. Additionally, the appreciation of the renminbi should help narrow the longstanding price disparities between Hong Kong and mainland China, reducing the tendency for cross-border shopping by Hong Kong residents and redirecting consumer expenditure back towards the Hong Kong market. The restoration of multiple-entry permits for mainland tourists is also expected to bolster the local retail activity by encouraging more frequent visits.

Furthermore, Hong Kong governmental initiatives such as "Hello Hong Kong" and "Night Vibes Hong Kong" are set to rejuvenate the retail scene by promoting late-night shopping and entertainment. With these factors converging, the retail sector is anticipated to experience a certain uptick in the second half of 2024, marking a positive shift for an industry that has navigated considerable challenges in recent times.

1P Business Model

1P Business is poised to remain the primary contributor to the Group in the short to medium term. Despite the ongoing transformational phase within the Hong Kong retail market, the sector remains endowed with distinct advantages, particularly in the electronics and appliances domains. These include a selection of globally recognized brands, a diverse product range, and guarantees of authentic goods. Despite a turbulent business climate, as the leading B2C e-commerce player in Hong Kong, we recognize the massive opportunities for growth fueled by ample room for further e-commerce adoption and increasing our market share. We are set to proactively harness our leading position in the electronics vertical, drawing on our sophisticated supply chain infrastructure, sharp market insight and effective inventory management, to significantly broaden our customer base and fortify enduring customer loyalty.

Coinciding with the debut of the Yoho AI Assistant, the Group is well-positioned to spearhead further innovation by seamlessly integrating AI technology into the retail experience. We intend to utilize our extensive data across the Yoho E-commerce Platform for advanced big data analytics to improve our understanding of consumer preferences and behaviors. The insights will be skillfully applied to refine customer service and foster AI-powered interactive shopping experiences. Moreover, the Group is making steady progress in developing the Yoho mobile application, aiming to deepen our customer engagement by offering a more personalized and intuitive shopping experience.

On the offline front, the primary purpose of our offline presence is to offer consumers a tangible product experience rather than being the main avenue for customer acquisition. Considering the prevailing weak market sentiment and the significant initial and ongoing operational expenses associated with establishing physical stores, the Group has not set a definitive schedule for opening new stores in the eastern and western New Territories. We will remain vigilant in monitoring market trends and changes in consumer behaviors to ensure that our strategies are well-matched with the market dynamics.

3P Business Model

The 3P Business Model is a critical component of the Group's future development. We anticipate that it will drive substantial GMV in the coming years while unlocking valuable upselling and cross-selling opportunities that synergize with our 1P Business Model to boost traffic and transactions. Presently, the 3P business makes a modest contribution, largely because repositioning the Group in the minds of customers is a gradual process. It will take time for our clientele to adapt to purchasing a broader array of products beyond electronics and appliances on the Yoho E-commerce Platform. To accelerate this transition, we will continue to make substantial investments in promoting the 3P Business Model, fostering its growth through aggressive marketing campaigns, diversified product offerings, enhanced logistics capabilities, and data-driven sales strategies.

The Group will remain dedicated to enhance its recruitment of prestigious brands to the Yoho E-commerce Platform while enhancing features that aid in merchant monetization. Through strategic partnerships with high-potential merchants, we plan to implement innovative promotional campaigns designed to optimize order conversion rates and bolster customer retention. Furthermore, we will soon enhance our support by offering advertising services and introducing third-party logistics (3PL) services to selected merchants, aiming to motivate them to expand their commercial engagements on the Yoho E-commerce Platform. These efforts are expected to assist merchants to scale their operations, boost our order management efficiency, strengthen our merchant relationships and cultivate profitable new revenue streams.

Cross-border

Currently, our cross-border operation is still in the nascent stages of development, with both PRC and international orders contributing minimally to our overall business. However, as our OMO model fully matures, we are prepared to replicate our successful business model in other geographical markets. Our initial focus will be on cities within the GBA, chosen for their cultural and lifestyle affinities with Hong Kong, enabling us to effectively ride on existing resources to quickly identify and fulfill local consumer demands.

Despite the fierce competition dominated by well-known e-commerce giants in mainland China, our strategy involves differentiation instead of head-head competition. The expansive consumer market of mainland China offers ample room to accommodate our growth aspirations. We aim to carve out a niche by catering to unfulfilled demands with premium imported products and exclusive branded products. We are currently assembling a specialized team focused on the mainland China market to formulate and execute localized strategies, aiming to significantly increasing our order volumes in the region over the short to medium term. Furthermore, we are exploring potential expansions into the Southeast Asian market, though these plans are still at an exploratory stage. Any concrete developments will be announced to the market as they arise.

LIQUIDITY AND CAPITAL RESOURCES

Since the Listing, there has been no change in capital structure of the Group. The capital of the Group comprises of issued ordinary share capital and capital reserves. The Group had share capital of approximately HK$388,000 as at 31 March 2024, decreased by HK$12,000 from 31 March, 2023, as the Group repurchased 2,178,000 shares near year end.

The Group's sources of funding comprise of its cash and cash equivalents and short-term bank deposits. The Group's total cash position recorded an increase by 9.4% from approximately HK$209.9 million (excluding the pledged deposits of approximately HK$1.3 million) as at 31 March 2023 to approximately HK$229.6 million (excluding the pledged deposits of approximately HK$1.3 million) as at 31 March 2024 mainly due to the increase in short term bank deposits with over 3 months maturity from approximately HK$80.7 million as at 31 March 2023 to approximately HK$101.6 million as at 31 March 2024 and net of the cash flow generated from operating activities of approximately HK$34.5 million offset by net of the cash flow used in investing activities of approximately HK$12.4 million and net cash used in financing activities of approximately HK$23.4 million. The cash and cash equivalents and short-term bank deposits of the Group, mainly denominated in HK$, are generally deposited with authorised financial institutions.

As at 31 March 2024 and 2023 respectively, the Group had not utilised any uncommitted banking facilities. Our total cash and cash equivalents consisted of cash at bank and in hand and short-term deposits within three months of maturity. As at 31 March 2024, bank deposits of approximately HK$1.3 million (31 March 2023: HK$1.3 million) had been pledged against the bank guarantee letters for a subsidiary of the Company. The Group was in a net cash position as of 31 March 2024 and 2023 and hence no gearing ratio was presented in our financial statements. The Directors are of the opinion that, after taking into consideration the available internal financial resources, the Group has sufficient funds to finance its operations and to meet the financial obligations as and when they fall due. During FY23/24, the Group invested approximately HK$78,000 on capital expenditure as compared to approximately HK$8.0 million in FY22/23. For the upcoming capital expenditure requirements, we will remain cautious and it is expected to be funded by internal resources within the Group. Overall, the Group's financial position remains sound for continued business expansion.

Gearing ratio

Gearing ratio (i.e. interest-bearing gross debt divided by total equity) remained stable at nil as at 31 March 2024 and 2023, respectively.

Use of net proceeds from the Global Offering

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 "**Listing Date**"). 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 has been and would be applied in manners described under the section headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 26 May 2022 ("**Prospectus**").

An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2024 is set out below:

	Percentage	Allocated use of proceeds *(HK$ million)*	Utilised as of 31 March 2024 *(HK$ million)*	Unutilised balance as of 31 March 2024 *(HK$ million)*	Proposed timetable for the use of unutilised net proceeds
Capturing a larger market share through organic growth	20.4%	15.2	12.5	2.7	On or before 31 March 2025
Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations	7.1%	5.3	1.1	4.2	On or before 31 March 2026
Expanding our services to customers in the PRC and, in particular, the Greater Bay Area	8.6%	6.4	–	6.4	On or before 31 March 2026
Strengthening our supply chain capabilities	9.2%	6.9	0.2	6.7	On or before 31 March 2026
Further investing in brand management and marketing to increase mass awareness of our group and the effectiveness of our marketing activities	11.8%	8.8	2.0	6.8	On or before 31 March 2026[(1)]
Expanding our teams of staff in support of our business strategies	19.2%	14.4	7.0	7.4	On or before 31 March 2026
Acquiring companies in e-commerce-related industries	13.7%	10.2	–	10.2	On or before 31 March 2026[(1)]
General working capital	10.0%	7.5	7.5	–	On or before 31 March 2026
	100.0%	74.7	30.3	44.4	

Note:

(1) Since the Company received the net proceeds, the Board and the management of the Company have actively promoted the project related work and prudently planned the use of the allocated net proceeds in light of actual needs. However, although the feasibility of the relevant projects has been fully demonstrated in the early stage, the actual implementation process is affected by many factors such as the market environment and the overall project progress. After careful consideration, the Company decided to extend the expected timeline for utilizing the remaining allocated net proceeds for further investment in brand management and marketing, to address the need for additional time to adapt to evolving market conditions and to strategically evaluate and implement marketing efforts that resonate with current consumer trends. Additionally, the Company also decided to extend the expected timeline for utilizing the remaining allocated net proceeds for acquiring companies in e-commerce-related industries, to allow adequate time for conducting thorough due diligence and identifying acquisition targets that are in line with our strategic growth objectives. The Board is of the view that the extension will not have any material adverse impacts on the operations of the Company and is in the best interests of the Company and the Shareholders as a whole.

As at 31 March 2024, the amount of unutilised net proceeds amounted to approximately HK$44.4 million. The unutilised net proceeds were placed in interest-bearing deposits with authorised financial institutions in Hong Kong.

Up to 31 March 2024, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned.

Principle Risks and Uncertainties

Our Group's financial condition, results of operations and business prospects may be affected by a number of principal risks and uncertainties directly or indirectly pertaining to our Group's business. The following list is a summary of certain principal risks and uncertainties faced by our Group which are not exhaustive and therefore other risks and uncertainties may also exist:

- we face significant competition in our business and our profitability and prospects for future growth depend on our ability to compete effectively with the other competitors;
- our business depends on our ability to maintain existing and attract new customers;
- incidents of counterfeit products could adversely affect the demand of our products, our brand, reputation and profitability;
- our business and results of operations may be materially and adversely affected if we are unable to maintain daily operations and security of the Yoho E-commerce Platform and systems;
- we are exposed to cybersecurity risks and may be liable for our users' privacy being compromised which may materially and adversely affect our reputation and business;
- the independent warehousing service provider and independent courier service providers engaged by us may increase their service charges and our net profit margin and results of operations may be affected as a result;
- we may not be able to provide electronic appliances to our customers in a timely manner or at all, which may subject us to refund of advances received in relation to the sales of electronic appliances; and
- our business, financial conditions and results of operations could be affected if we fail to attract and retain our key personnel, management team and our employees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	3	**841,148**	855,076
Cost of goods sold		**(719,315)**	(723,876)
		121,833	131,200
Other income		**8,870**	6,243
Other gains and losses		**(4)**	(2,139)
Selling and distribution expenses		**(66,585)**	(76,456)
Administrative expenses		**(36,535)**	(35,697)
Listing expenses		**–**	(12,483)
Finance costs		**(1,211)**	(872)
Profit before taxation	5	**26,368**	9,796
Income tax expense	4	**(4,064)**	(3,493)
Profit and total comprehensive income for the year		**22,304**	6,303
Earnings per share –			
Basic *(HK cents)*	7	**4.46**	1.31
Diluted *(HK cents)*		**4.46**	1.31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	8	**7,448**	10,814
Right-of-use assets	8	**22,335**	26,880
Intangible asset		**210**	–
Deposits		**5,498**	5,480
Deferred tax assets		**92**	–
		35,583	43,174
Current assets			
Inventories		**84,351**	75,140
Trade receivables	9	**9,785**	7,016
Other receivables, deposits and prepayments		**12,044**	9,959
Tax recoverable		**–**	380
Short term bank deposits with over 3 months maturity		**101,647**	80,709
Pledged bank deposits		**1,300**	1,323
Cash and cash equivalents		**127,942**	129,234
		337,069	303,761
Current liabilities			
Trade payables	10	**49,974**	31,339
Other payables and accruals		**8,922**	7,582
Contract liabilities		**11,809**	12,971
Lease liabilities		**8,943**	7,178
Tax liabilities		**347**	–
		79,995	59,070
Net current assets		**257,074**	244,691
Total assets less current liabilities		**292,657**	287,865

	Note	**2024**	2023
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**17,852**	22,835
Deferred tax liabilities		**–**	169
		17,852	23,004
Net assets		**274,805**	264,861
Capital and reserves			
Share capital	*11*	**388**	390
Reserves		**274,417**	264,471
Total equity		**274,805**	264,861

1. GENERAL INFORMATION

Yoho Group Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands. 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 are Po Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 9A, Bamboos Centre, 52 Hung To Road, 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 62.4% 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. 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (" HKFRSs")

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

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

The Group has applied the amendments for the first time in the current year. HKAS 1 "Presentation of Financial Statements" 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 has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
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 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. **REVENUE AND SEGMENT INFORMATION**

Revenue

Disaggregation of revenue from contracts with customers

	2024	2023
	HK$'000	*HK$'000*
Direct merchant sales		
– Major appliances	**180,943**	139,998
– Kitchen appliances	**79,936**	93,587
– Mobile	**133,212**	85,128
– Digital entertainment	**95,819**	104,602
– Home appliances	**152,598**	160,490
– Beauty & personal care	**81,067**	115,980
– Computer	**78,208**	108,367
– Lifestyle	**17,313**	31,623
– Others	**16,428**	11,967
Revenue from direct merchandise sales	**835,524**	851,742
Provision of advertising services	**4,974**	3,252
Revenue from concessionaire sales	**650**	82
Total	**841,148**	855,076
Geographical markets:		
– Hong Kong	**831,703**	822,194
– The People's Republic of China (other than Hong Kong)	**7,290**	28,225
– Others	**2,155**	4,657
	841,148	855,076
Timing of revenue recognition:		
– A point in time	**836,174**	851,824
– Over time	**4,974**	3,252
	841,148	855,076

Performance obligations for contracts with customers

Direct merchandise sales

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

Concessionaire sales

The Group receives income from concessionaire sales from its marketplace platform. For concessionaire sales, the Group acts as an agent and is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices and selecting customers. Concessionaire sales is recognised on a net basis which is based on a fixed percentage of the sales amount, when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer's specific location.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail stores and internet sales where customers are awarded points for purchases made to redeem 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. 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.

4. INCOME TAX EXPENSE

	2024 *HK$'000*	2023 *HK$'000*
Current tax:		
– Hong Kong Profits Tax	**4,043**	3,401
Under provision in prior years		
– Hong Kong Profits Tax	**282**	72
Deferred tax (credit) charge	**(261)**	20
	4,064	3,493

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$3,000 (2023: HK$6,000) for the year ended 31 March 2024.

5. PROFIT FOR THE YEAR

	2024 *HK$'000*	2023 *HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration		
– Audit service	**1,550**	1,455
– Non-audit services	**691**	707
– Listing related services*	**–**	1,999
	2,241	4,161
Directors' emoluments	**3,807**	2,798
Other staff costs (excluding the directors' emoluments)		
– Salaries, allowances and other benefits	**32,391**	32,579
– Equity-settled share-based expenses	**294**	1,989
– Retirement benefits schemes contributions	**1,422**	1,350
Total staff costs	**37,914**	38,716
Depreciation of property, plant and equipment	**3,444**	2,967
Depreciation of right-of-use assets	**10,295**	9,151
Cost of inventories recognised as an expense (including allowance for provision of impairment loss on inventories of HK$1,657,000 (2023: HK$94,000), net of reversal)	**719,315**	723,876

* *Included in the listing expenses*

6. DIVIDENDS

A final dividend for the year ended 31 March 2023 of HK$0.024 (2023: nil) per ordinary share totaling HK$12,000,000 (2023: nil), based on 500,000,000 ordinary shares, was recognised as distribution during the current year.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of HK$0.030 per ordinary share, in an aggregate amount of HK$14,934,660, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2024	2023
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**22,304**	6,303
Number of Shares:		
Weighted average number of shares for the purpose of basic and diluted earnings per share	**499,771,011**	482,947,893

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the year ended 31 March 2023 has been determined on the assumption that the capitalisation issue as set out in note 11 had been effective on 1 April 2022.

During the year ended 31 March 2024, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the shares.

During the year ended 31 March 2023, the Company had two categories of potential ordinary shares – convertible redeemable preferred shares and the over-allotment option. The potential ordinary shares of convertible redeemable preferred shares were not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive. The computation of earnings per share did not assume the exercise of the over-allotment option because the exercise price of over-allotment option outstanding were higher than average market price of the shares.

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current year, total additions to property, plant and equipment were approximately HK$78,000 (2023: HK$7,974,000).

During the current year, the Group renewed the existing lease agreements for the use of warehouses and offices (2023: warehouses and retail stores) for 1 to 2 years (2023: 1 to 5 years). On the lease commencement, the Group recognised HK$5,750,000 (2023: HK$17,593,000) of right-of-use assets and HK$5,750,000 (2023: HK$17,443,000) as the lease liabilities.

9. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**9,785**	7,016

As at 1 April 2022, trade receivables from contracts with customers amounted to HK$7,701,000.

The Group generally grants credit terms of 30 days to its 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:

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**8,057**	5,709
31 to 60 days	**778**	623
61 to 90 days	**72**	348
Over 90 days	**878**	336
	9,785	7,016

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:

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**41,240**	25,241
31 to 60 days	**5,162**	3,102
61 to 90 days	**54**	253
Over 90 days	**3,518**	2,743
	49,974	31,339

11. SHARE CAPITAL

Authorised:

	Number of shares	Nominal value of ordinary shares US$'000
At 1 April 2022, 31 March 2023 and 2024	500,000,000	50

Issued:

	Number of ordinary shares	Number of series A Preferred Shares	Equivalent nominal value of ordinary shares *US$'000*	Equivalent nominal value of ordinary shares *HK$'000*
At 1 April 2022	146,000,000	36,195,122	18	142
Conversion of series A Preferred Shares *(Note a)*	36,195,122	(36,195,122)	–	–
Conversion of convertible redeemable preferred shares *(Note a)*	15,031,101	–	2	12
Capitalisation issue *(Note a)*	247,773,777	–	24	193
Issuance of shares under the IPO *(Note a)*	55,000,000	–	6	43
At 31 March 2023	500,000,000	–	50	390
Share repurchased and cancelled *(Note b)*	**(2,178,000)**	**–**	**–**	**(2)**
At 31 March 2024	**497,822,000**	**–**	**50**	**388**

Notes:

(a) On 10 June 2022, the 36,195,122 series A preferred shares and the 15,031,101 convertible redeemable preferred shares, were converted into 36,195,122 and 15,031,101 ordinary shares, respectively. On the same date, 247,773,777 new shares of the Company of US$0.0001 each were issued through capitalisation of HK$193,264 and such amount is credited to share premium. Also, 55,000,000 new shares of the Company of par value US$0.0001 each were issued at an offer price of HK$2.1 per share. The difference of HK$115,457,100 between offer price and the par value of the shares have been credited to share premium.

(b) During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of shares	Price per share Highest *HK$*	Lowest *HK$*	Aggregate consideration paid (including transaction costs) *HK$'000*
February 2024	1,594,000	0.67	0.60	1,042
March 2024	584,000	0.68	0.66	393

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current year.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK$855.1 million for FY22/23 to approximately HK$841.1 million for FY23/24, representing a decrease of approximately 1.6%. The decrease in our revenue was primarily due to the decrease in revenue through online sales in the Yoho OMO Business, as a result of the purchasing power of Hong Kong consumers being constrained by the volatile global economic environment and overall weakened local consumer sentiment.

Gross profit

Our gross profit decreased from approximately HK$131.2 million for FY22/23 to approximately HK$121.8 million for FY23/24, representing a decrease of approximately 7.1%, which was mainly due to revenue decrease mentioned above. Furthermore, our gross profit margin decreased from approximately 15.3% for FY22/23 to approximately 14.5% for FY23/24, 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 FY23/24, which became new dimensions of our proactive market share acquisition strategy.

Other income

Our other income increased from approximately HK$6.2 million for FY22/23 to approximately HK$8.9 million for FY 23/24, which was primarily due to the increase in interest income in the amount of approximately HK$4.8 million.

Other gains and losses

We recorded other losses of approximately HK$2.1 million and HK$4,000 for FY22/23 and FY23/24, respectively. The decrease in other losses was primarily due to the decrease in fair value loss in convertible redeemable preferred shares from approximately HK$2.3 million for FY22/23 to nil for FY23/24.

Selling and distribution expenses

Our selling and distribution expenses decreased from approximately HK$76.5 million for FY22/23 to approximately HK$66.6 million for FY23/24 primarily due to (i) a decrease in logistics and storage cost; and (ii) a decrease in transaction cost charged by third party service providers which corresponds with the stringent cost management control.

Administrative expenses

Our administrative expenses increased from approximately HK$35.7 million for FY22/23 to approximately HK$36.5 million for FY23/24 primarily due to an increase in management fee in respect of leased premises.

Finance costs

Our finance costs increased from approximately HK$0.9 million for FY22/23 to approximately HK$1.2 million for FY23/24, due to an increase in the incremental borrowing rate of the renewal of office and warehouse rentals.

Income tax expense

Our income tax expense increased from approximately HK$3.5 million for FY22/23 to approximately HK$4.1 million for FY23/24.

Notwithstanding we recorded an increase in profit before tax of approximately HK$26.4 million for FY23/24 (FY22/23: approximately HK$9.8 million), we recorded a lower effective tax rate of approximately 15.4% (FY22/23: approximately 36.0%) for FY23/24. The decrease in effective tax rate is mainly due to the decrease in the expenses which are not deductible for tax purpose including (i) the decrease in fair value loss in convertible redeemable preferred shares of the Company from approximately HK$2.3 million for FY22/23 to nil for FY23/24; and (ii) the decrease in listing expenses from approximately HK$12.5 million for FY22/23 to nil for FY23/24.

Profit for the year

As a result of the foregoing, we recorded a net profit of approximately HK$22.3 million for FY23/24 as compared with a net profit of approximately HK$6.3 million for FY22/23. Our net profit margin increased from approximately 0.7% for FY22/23 to approximately 2.7% for FY23/24. The increase in net profit was primarily attributable to (i) a decrease in listing expenses from approximately HK$12.5 million for FY22/23 to nil for FY23/24; (ii) stringent cost management measures.

Trade receivables

Our trade receivables increased from approximately HK$7.0 million as at 31 March 2023 to approximately HK$9.8 million as at 31 March 2024. Our days sales outstanding remained stable at 4 days as of 31 March 2024 (3 days as of 31 March 2023).

The Group's trade receivables are of high quality. Current and overdue balances of less than 30 days accounted for 90% of gross trade receivables as at 31 March 2024 (compared to 81% as at 31 March 2023).

The following is 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:

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**8,057**	5,709
31 to 60 days	**778**	623
61 to 90 days	**72**	348
Over 91 days	**878**	336
	9,785	7,016

Trade payables

Our trade payables increased from approximately HK$31.3 million as at 31 March 2023 to approximately HK$50.0 million as at 31 March 2024 primarily due to rise in inventory levels to support future growth and meet anticipated demand. Our days purchases outstanding remained stable at 21 days as of 31 March 2024 (18 days as of 31 March 2023).

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**41,240**	25,241
31 to 60 days	**5,162**	3,102
61 to 90 days	**54**	253
Over 91 days	**3,518**	2,743
	49,974	31,339

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; (ii) Listing expenses; (iii) share-based payment rewarding the outstanding employees by our controlling shareholder; and (iv) share options grant to directors and certain employees. 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 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:

	FY23/24	FY22/23
	HK$'000	*HK$'000*
Profit for the year	**22,304**	6,303
Adjusted for:		
Fair value change in convertible redeemable preferred shares	**–**	2,261
Listing expenses	**–**	12,483
Share-based payment rewarding the outstanding employees by our controlling shareholder	**–**	1,989
Share options grant to directors and certain employees	**1,075**	–
Adjusted net profit as non-HKFRS measures	**23,379**	23,036

Pledge of assets

As at 31 March 2024, bank deposits of approximately HK$1.3 million (31 March 2023: HK$1.3 million) had been pledged against the bank guarantee letters for a subsidiary of the Company.

OTHER INFORMATION

Talent remuneration

Including the Directors, as at 31 March 2024, our Group had 102 permanent full-time employees as compared with 105 as at 31 March 2023. 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 FY23/24, our Group acquired property, plant and equipment of approximately HK$78,000 (FY22/23: approximately HK$8.0 million).

Capital commitments and contingent liabilities

As at 31 March 2024, the Group did not have any significant capital commitment nor contingent liability (2023: Nil).

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.

Treasury policy

Several principal subsidiaries of the Group are exposed to foreign currency risk primarily through sales and purchases which give rise to monetary assets and monetary liabilities that are denominated in HK$, US$ and JPY. During the year, the Group did not enter into any financial derivatives for hedging purpose. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the management when the exchange rate fluctuations become significant.

Material acquisitions, disposals, significant investments and future plans of material investments

During the Reporting Period, the Group did not have material acquisition, disposal, significant investments and future plans of material investment.

Events after the Reporting Period

Subsequent to the Reporting Period, the Group has repurchased a total of 590,000 shares through the Stock Exchange on 8 April, 9 April, 10 April, 11 April, 12 April, 18 April, 19 April, 22 April and 24 April 2024 at total consideration of HK$387,000, the shares have not yet been cancelled up to the date of this announcement.

Purchase, sale or redemption of listed securities

Save as disclosed in this announcement, 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 2024.

Compliance with the corporate governance practices

The Board has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Reporting Period.

In the opinion of the Directors, save for the deviation from the code provision C.2.1 of the CG Code, the Company has complied with all applicable code provisions set out in the CG Code throughout the Reporting Period.

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 seven Directors, and the Company believes 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 C3 to the Listing Rules. 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 Reporting Period.

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 of the Group for the year ended 31 March 2024.

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 Dr. Leung Shek Ling Olivia, and one non-executive Director, namely, Mr. Man Lap.

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 2024 as set out in the preliminary announcement have been agreed by our Group's auditor, Messers. 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 27 June 2024. The work performed by Messers. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messers. Deloitte Touche Tohmatsu on the preliminary announcement.

Final dividend

The Board has recommended the declaration of a final dividend of HK$0.030 per Share for FY23/24 (FY22/23: HK$0.024) representing a total amount of approximately HK$14,934,660, subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held on Friday, 30 August 2024. The proposed final dividend will be paid to the Shareholders on or about Friday, 27 September 2024 whose names appear on the Company's register of members on Wednesday, 11 September 2024.

Annual general meeting

The annual general meeting of the Company ("**AGM**") will be held on Friday, 30 August 2024. Notice of the AGM and the Company's annual report for the year ended 31 March 2024 will be published in the manner as required by the Listing Rules in due course.

Closure of register of members

For the purposes of determining the eligibility of the Shareholders to attend and vote at the 2024 AGM, and the eligible Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend and vote at the 2024 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Friday, 23 August 2024
Closure of the Register of Members	Monday, 26 August 2024 to Friday, 30 August 2024 (both days inclusive)
Record Date	Friday, 30 August 2024

(ii) Subject to the passing of the final dividend proposal agenda at the 2024 AGM, for determining the eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Thursday, 5 September 2024
Closure of the Register of Members	Friday, 6 September 2024 to Wednesday, 11 September 2024 (both days inclusive)
Record Date	Wednesday, 11 September 2024

For purposes mentioned above, all properly completed transfer form(s) accompanied by the relevant share certificate(s) must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

Share capital

Details of the movements in share capital of the Company during the Reporting Period are set out in note 11 to this announcement. The Group has repurchased some shares during the year.

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 2024 will be published on the aforesaid websites of the Stock Exchange and the Company 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, 27 June 2024

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 and Mr. Hsieh Wing Hong Sammy; and the independent non-executive Directors are Dr. Qian Sam Zhongshan, Dr. Leung Shek Ling Olivia and Mr. Ho Yun Tat.