友和集團控股有限公司
YOHO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2347

2022/23 Annual Report

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Wu Faat Chi *(Chairman and Chief Executive Officer)*
Ms. Tsui Ka Wing *(Chief Operating Officer)*

NON-EXECUTIVE DIRECTORS
Mr. Man Lap
Mr. Hsieh Wing Hong Sammy
Mr. Adamczyk Alexis Thomas David

INDEPENDENT NON-EXECUTIVE DIRECTORS
Dr. Qian Sam Zhongshan
Mr. Chan Shun
Mr. Ho Yun Tat

AUDIT COMMITTEE
Mr. Ho Yun Tat *(Chairman)*
Mr. Chan Shun
Mr. Adamczyk Alexis Thomas David

NOMINATION COMMITTEE
Mr. Wu Faat Chi *(Chairman)*
Dr. Qian Sam Zhongshan
Mr. Chan Shun

REMUNERATION COMMITTEE
Mr. Chan Shun *(Chairman)*
Ms. Tsui Ka Wing
Mr. Ho Yun Tat

STRATEGY AND INVESTMENT COMMITTEE
Mr. Man Lap *(Chairman)*
Mr. Wu Faat Chi
Ms. Tsui Ka Wing
Mr. Hsieh Wing Hong Sammy

COMPANY SECRETARY
Mr. Lam Wai Chiu

AUTHORISED REPRESENTATIVES
Mr. Wu Faat Chi
Mr. Lam Wai Chiu

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
9A, Bamboos Centre
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Kwun Tong, Kowloon
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REGISTERED OFFICE
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INDEPENDENT AUDITOR
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Certified Public Accountants
Registered Public Interest Entity Auditor
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Hong Kong

COMPLIANCE ADVISER
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Hong Kong

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Hong Kong

PRINCIPAL BANKS
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

COMPANY WEBSITE
www.yohohongkong.com

STOCK CODE
2347

FINANCIAL HIGHLIGHTS

	FY22/23	FY21/22(Note 1)	FY20/21	FY19/20
Revenue *(HK$'000)*	**855,076**	790,054	523,029	259,953
Gross profit *(HK$'000)*	**131,200**	122,748	91,062	53,257
Gross profit margin	**15.3%**	15.5%	17.4%	20.5%
Profit (loss) for the year *(HK$'000)*	**6,303**	(225)	28,733	18,324
Adjusted net profit(Note 2) *(HK$'000)*	**23,036**	26,162	28,733	17,632
Adjusted net profit margin(Note 3)	**2.7%**	3.3%	5.5%	6.8%

	FY22/23	FY21/22	FY20/21	FY19/20
Net cash position *(HK$'000)*	**211,266**	126,256	37,561	43,208
Total equity *(HK$'000)*	**264,861**	78,746	78,971	70,393
Adjusted return on equity(Note 4)	**8.7%**	33.2%	36.4%	25.0%
Gearing ratio(Note 5)	**N/A**	N/A	0.01	N/A

Notes:

1. FYX/Y refers to the financial year ended on 31 March of the year Y. For example, "FY22/23" refers to the year ended 31 March 2023.

2. 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, (ii) expenses relating to the listing of our Shares on the Main Board of the Stock Exchange on 10 June 2022, and (iii) share-based payment settled by our controlling shareholder.

3. Adjusted net profit margin is calculated as adjusted net profit divided by revenue.

4. Adjusted return on equity is calculated as adjusted net profit divided by total equity as at year-ended date for the respective financial year.

5. Gearing ratio is calculated as interest-bearing gross debt (including bank overdraft) divided by total equity at the end of the year.

OPERATIONAL HIGHLIGHTS

	FY22/23	FY21/22	FY20/21	FY19/20
Gross merchandise value (the "**GMV**")*(Note 1)* *(HK$ million)*	**929.2**	873.8	533.5	284.7
Number of registered members*(Note 2)*	**961,000**	775,000	539,000	334,000
Number of orders intake*(Note 3)*	**477,000**	463,000	311,000	186,000
Basket value*(Note 4)* *(HK$)*	**1,950**	1,887	1,716	1,529

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. 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).

3. 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.

4. The "basket value" for a particular financial year is calculated by dividing our GMV by the number of orders intake during that financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Please allow me to extend my heartfelt gratitude to all stakeholders, including our customers, suppliers, business partners, staff and shareholders of Yoho Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") (the "**Shareholders**"), for their unwavering support and trust all along. Through this Chairman's statement, we hope to provide you with an in-depth report and analysis of our financial performance during the Reporting Period and articulate the direction of the Group's future development. We remain steadfast in creating value for all stakeholders and look forward to your continued support in this ever-evolving business landscape.

During the Reporting Period, thanks to the support and efforts from all stakeholders, we have achieved solid financial results. In the year ahead, we will continue to promote the sustainable development of the Group and strive for improving the quality of our products and services to meet the dynamic needs of consumers. Meanwhile, we will also strengthen our partnerships with suppliers and business partners to achieve a win-win situation. We believe that these endeavours will contribute to the long-term development of the Group and deliver greater value to all stakeholders.

Business Overview and Results Highlights

We operate our business on an online-merge-offline ("**OMO**") model (the "**Yoho OMO Business**") by harnessing our online and offline presence and the power of technology. The OMO model facilitates a seamless shopping experience for our customers, integrating the benefits of both online and offline retail channels. We operate our consumer electronics and electronic appliance business through our direct-to-consumer platform (the "**1P Business Model**"). During the Reporting Period, we launched our marketplace platform (the "**3P Business Model**") for other product categories, including beauty and skincare, health and wellness, mother and baby, household, pet supplies, wines and spirits and toys, etc.

Through the Yoho OMO Business model, we achieved GMV of approximately HK$929 million for FY22/23, representing a year-on-year increase of approximately 6.3% as compared with that of FY21/22 of approximately HK$874 million.

We recorded a moderate decrease in adjusted net profit in the current financial year, mainly as a result of a significant increase in additional operating expenses arising after the Listing for compliance purpose as compared to the last financial year, investment in system development for long-term growth and preliminary investment in certain new business development. Except the abovesaid factors, the performance of our core direct-to-consumer business remained substantially stable, while the net profit for the current financial year may not fully reflect our actual operational situation due to (i) the fact that an accounting entry of HK$2 million was made due to share-based payment rewarding the outstanding employees by our controlling shareholder; and (ii) the one-off listing expenses of approximately HK$12 million recorded for the current financial year, with no further listing-related expenses to be incurred in the upcoming financial year.

Considering investors' expectations towards the Company's dividend policy, and the opportunity cost derived from rising market interest rates, the Board has recommended the declaration of a final dividend of HK$0.024 per Share for FY22/23 (FY21/22: Nil), representing a total amount of approximately HK$12 million, subject to the approval of Shareholders at the forthcoming annual general meeting to be held on 31 August 2023.

CHAIRMAN'S STATEMENT

Annual Review

COVID-19: The Reporting Period witnessed the ongoing spread of the COVID-19 pandemic globally, presenting immense challenges to Hong Kong. The city was significantly impacted by the pandemic for much of the first half of the Reporting Period. The Government has implemented stringent control and preventive measures, businesses grappled with maintaining operations, and the daily lives of citizens were profoundly affected. Only towards the last quarter of the Reporting Period did we see the pandemic's impact beginning to subside. As we now enter a new phase of post-pandemic normalisation, the Government has implemented various adjustments, such as lifting the mask mandate, ending the mandatory usage of the LeaveHomeSafe application and reopening borders. Therefore, this report is expected to be the last to detail our operations under anti-epidemic measures.

Consumption voucher: To stimulate local consumption, the Government introduced the Consumption Voucher Scheme during the Reporting Period, under which eligible Hong Kong residents were distributed consumer vouchers to shop at designated merchants, which contributed to the Group's performance during the Reporting Period. Undoubtedly, the introduction of the consumption voucher has brought slightly adverse impact to the Group. For example, consumers would reduce their spending on consumer electronics for the period before receiving their consumption voucher, leading to a surge in consumption following the launch of the vouchers. This sudden shift put the Group's service under pressure in terms of stability and affected consumer experience.

Comprehensive systematic upgrade: The Group's systems have been in operations for a decade. Many of the systems' frameworks and designs have become outdated and are no longer suited to the progression we envisage over the next five to ten years. As such, we have allocated considerable resources in technological enhancements over the past year, restructuring the infrastructure and framework of our systems to enable the Company to achieve good results in a more efficient manner in the next five to ten years, akin to restructuring the building with the latest construction technology. If we were to forgo this comprehensive system upgrade, we could potentially save millions of Hong Kong dollars in talent expenses and increase the current financial year's profits. The resources invested have had minimal immediate contributions to our turnover. Moreover, the transition period following the launch may temporarily induce negative impacts. However, we believe that these resource investments are for the sake of our longer-term development. The path of e-commerce development in Hong Kong is lengthy, and investing resources for longer-term returns is the Group's operational philosophy in the long run.

Internal talent integration: Following the Company's listing, there has been a notable shift in our structure and talent qualification requirements. During the Reporting Period, the management has made adjustments to our internal structure and provided trainings to more effectively utilise the Group's resources and meet listing regulatory requirements. The Group places significant emphasis on talent cultivation and recruitment. We are actively developing a more robust talent management system to continuously improve the quality and comprehensive capability of our employees, so as to ensure the sustainable development of the Group.

Offline network expansion: In October 2022, our third flagship store was officially opened in the prime location of Causeway Bay, spanning an area of approximately 10,000 square feet, providing consumers in Hong Kong Island with a convenient location for shopping, experiencing our products, and accessing post-purchase support for online purchases, further perfecting our OMO strategic layout and deepening our foothold in the Hong Kong market. The Causeway Bay store offers over 24,000 items of consumer electronics and electronic appliances. As with the two existing flagship stores, electronic price tags are adopted throughout the Causeway Bay flagship store. The price tags are automatically updated daily and synchronised with the prices shown online. This practice aligns with the Company's store operating principle of maintaining transparency in pricing and treating customers honestly. The turnover of the Causeway Bay store has caught up with the existing two flagship stores within a short period of time after its opening, reflecting the synergy between online and offline traffic achieved by the Company under the OMO business model, shortening the break-even period for new store and mitigated the risk in early stage.

CHAIRMAN'S STATEMENT

Marketplace platform: Our marketplace platform was officially launched in November 2022. The management believes that the marketplace platform will generate considerable turnover to the Company in the medium and long term, and it will mutually drive traffic and transactions with the products selling under our direct-to-consumer platform. Currently, our e-commerce platform is a long-standing leader in terms of both traffic and turnover, and our consumer electronics and electronic appliances on direct-to-consumer platform have remained profitable over the years, which lays a solid foundation for us to develop our marketplace platform. In addition, given the stable profitability of our core direct-to-consumer business, we have great flexibility in setting commission rates for merchants, so that merchants can adopt a more competitive approach in pricing their products. Our team has accumulated vast experience in marketing and warehousing logistics, which will definitely add great value to merchants in promoting e-commerce, creating a win-win situation for both parties.

Same-day pick-up service: In March 2023, the Group entered into a strategic partnership with Japan Home Centre (H.K.) Limited ("**JHC**"), a wholly-owned subsidiary of International Housewares Retail (the shares of which are listed on the Stock Exchange) (stock code: 01373), on "Last-mile Delivery", offering free pick-up service for orders on the Yoho E-commerce Platform at 30 JHC shops in Hong Kong in the first phase. Orders placed in the morning can generally be collected in the afternoon, thereby effectively meeting the substantial demand for rapid delivery among consumers. The service has been warmly received by customers since its launch, with an extremely high fulfillment rate for same-day delivery. Through this strategic cooperation, both parties can fully leverage their respective strengths and synergise their resources. JHC's well-established offline retail network will help enhance the last-mile delivery capability of the Group, while the Group's large membership base of nearly 1 million will also bring new customer traffic to JHC. With more than 300 shops in Hong Kong, JHC offers an extensive self-pickup network for the Group, contributing to a win-win situation.

Talent loss: Over the past year, the ongoing issue of talent loss in Hong Kong has persisted, with many excellent talents choosing to leave Hong Kong and develop their careers elsewhere, which had a negative impact on Hong Kong's economic and social development and posed threats to the competitiveness and efficiency of enterprises. The Company has long valued talents and has a good mechanism for regularly reviewing our employees' remuneration packages. During the Reporting Period, the retention of the Group's talents remained at a healthy level. However, when venturing into new businesses, we felt that hiring suitable talents is now more difficult and expensive than before, and the Company needs to spend more to maintain a standard level of service. Undoubtedly, this is a new challenge for the Company's management, and the cost of trial and error for the Company will increase significantly. Management will need a better market sense and greater execution power to lead the enterprise to increase efficiency and reduce costs. Fortunately, the Company's structure has always been streamlined, and the operational process uses a more automated system, relying less on the input of human resources to drive performance growth. Therefore, in the context of the ongoing social talent loss, our Company may be able to take advantage of relative superiority.

Live streaming sales: We have noticed that some of our peers have launched live streaming sales and achieved desirable results. Over the past few years, our team has accumulated valuable experience in different forms of live broadcast sales through different platforms. We have also been looking for partners with stronger live streaming resources, including a number of business partners with cross-regional sales channels and agencies with vast KOL resources, in a view to launching live streaming sales at the right time in the future and bringing new growth points to the Group's business.

CHAIRMAN'S STATEMENT

Application development: Over the past few years, I have been asked about the timeline for the launch of the "Yoho Shopping App" (the "**App**") on different occasions. In fact, the development schedule of the App has always been one of our discussion items at every quarterly meeting over the past few years. The management believes that it is vital to develop this application at the right time, but untimely launching of the App could bring great financial and operational burdens to the Company. We have roughly estimated that the initial investment required to develop a minimally satisfactory App is at least several million Hong Kong dollars, and it will not bring noticeable revenue to the Company in the short term after launch. The launch will obviously affect the development and maintenance of new features. Each feature requires longer development time to be compatible with both website and application, the Company will need to invest higher maintenance costs to manage the functional stability of both website and application shopping platforms. Even if the Company is willing to invest in human resources, there are certain technical difficulties in maintaining the functional stability of both website and application shopping platforms, which makes them more prone to user experience issues. On the other hand, purchasing consumer electronics and electrical appliances is not a frequent shopping behaviour and consumers may not be willing to keep the Company's App in their mobile phones for a long time. Nevertheless, with the launch of the marketplace platform last year, consumers are able to purchase a wide variety of products from the Company, which significantly drove the frequency of browsing and shopping, providing a sound foundation for launching the App. During the Reporting Period, the management eventually decided to invest key technology development resources into system infrastructure upgrade and the marketplace platform, as well as some non-core functions that support business development, such as same-day pick-up service at JHC. In the coming financial year, we are likely to launch the App, and we look forward to receiving your support if we do decide to do so.

User experience: User experience has been the top priority of the Company every year. Currently, the Company's public ratings on major search engines have accumulated approximately 6,000 reviews from customers, with an average score ranging from 4.5/5 to 4.9/5. Such rating is open and fair, and customers may leave negative comments as they like, while the Company may only respond to the comments without the mechanism to remove the feedback, hence the scoring results are definitely worth referencing. In addition, customers could comment on the level of service after completing an order. We received around 30,000 comments from customers during the Reporting Period, with an average score ranging from 4.5/5 to 4.7/5. There is always a certain distance between the team's efforts towards user experience and what consumers perceive. We hope to have sufficient communication with consumers to narrow this gap. It is impossible to find a company with a perfect customer experience in the world. Even some companies with enormous resources earning tens of billions every year receive a large number of complaints every day. Our team will make every effort to understand the concerns of our customers and address the issues with care to enhance their experience. During the Reporting Period, it was noted that the number of complaints dropped significantly. For example, the number of cases referred by the Consumer Council remained at a single digit per month in the second half of the year, representing a significant improvement compared to the first half of the year. Given the current number of orders, the number of complaints per month was considered at a reasonable level and several individual cases were irrelevant to the service provided by the Company. Since March 2023, our customer service department has published the number and nature of complaints for each quarter on the Company's bulletin, with a view to enhancing communication with our stakeholders and improving user experience.

CHAIRMAN'S STATEMENT

Prospects

In the year to come, the global economy will be full of challenges. Inflation, interest rate hikes and geopolitical issues will continue to bring negative impacts, from which Hong Kong will not be immune. The local economy has been fairly weak due to years of turmoil caused by the pandemic, and it would take a certain period of time for the market to revive. However, our management stays positive about the development in the coming year. Currently, there is still plenty of room for improvement for our direct-to-consumer platform in terms of market share, and the newly launched marketplace platform has also proven its potential in e-commerce development around the world. The potential of cross-border e-commerce is huge and we are only operating on a small scale. We believe that it will contribute significant revenue to the Company at the right time.

As the COVID-19 pandemic becomes normalised and the lives of Hong Kong citizens have been returning to normal, the shopping rhythm of local consumers will definitely be adjusted. Coupled with the tourist consumption after the reopening of borders and the consumption circle in the Greater Bay Area that the Government has been promoting, Hong Kong enterprises are facing a new wave of challenges and opportunities. We are confident that we are able to capitalise on new opportunities and are optimistic about our future performance.

Finally, I would like to express my sincere gratitude for the efforts and contributions made by the Board and staff across the Group.

Wu Faat Chi
Chairman and Executive Director
23 June 2023

MAJOR MILESTONES AND EVENTS

The overview of the major business milestones accomplished by the Group is presented below:

2013

- Established in 2013, the Group started to engage in OMO retail business by launching the Yoho E-commerce Platform and opening our first physical store in Kwun Tong.

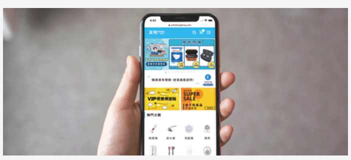
2014

- In March, we created the "友和YOHO" YouTube Channel to enhance our digital presence. As of this annual report's date, "友和YOHO" YouTube Channel recorded a total of 11 million views, of which our flagship advertising campaign video – "Mr. Yoho is coming! Muscular Brothers — Mr. Yoho wants to define 'convenience'…", has captivated audiences with over 425,000 views.
- We introduced our first Double 11 Shopping Festival in November, positioning us as a pioneer of large-scale Double 11 promotions among Hong Kong's e-commerce landscape.

2015

- In June, we introduced Iris Ohyama, a 60-year-old Japanese brand, and also introduced the dust mite vacuum cleaner, an innovative product, to Hong Kong and Macau markets. Iris Ohyama has been one of the best-selling brands on the Yoho E-commerce Platform.

2016



- We conducted a comprehensive upgrade on our data processing system to synchronise online and offline information, including those relating to our members, products and discounts available to our customers.
- We introduced the viewing of real-time stock level by our customers on the Yoho E-commerce Platform.

2017

- We reached more than 100,000 registered members on the Yoho E-commerce Platform by the end of 2017.
- We became a loyal supporter of the Make-A-Wish programme launched by the Hong Kong Christian Service, which supports grassroots families in Hong Kong.

2018

- We launched the "Auto-pricing System" to monitor and adjust the price of our products automatically.
- In July, the Yoho E-commerce Platform had over 20,000 SKUs.

MAJOR MILESTONES AND EVENTS

2019

- We obtained pre-IPO investments for a total amount of HK$40,000,000 from Biz Cloud Investments Limited ("**Beyond Ventures Vehicle**") and The Innovation and Technology Venture Fund Corporation ("**ITVFC**").
- In November, we were awarded the "Deloitte HK Top 10 Tech Fast Award".
- We opened our flagship store in Cheung Sha Wan.
- We introduced digital price tags at our retail stores to achieve automatic synchronisation of pricing information on the Yoho E-commerce Platform and at our retail stores.

2020

- In November and December, we collaborated with HSBC and our customers could enjoy a certain amount of discount upon a certain amount of discount for the purchases made in November and on 12 December, the online shopping festivals, respectively. The collaboration resulted in a record-breaking year-on-year growth of over 200% in November monthly sales.

2021

- In March, we had 500,000 registered members and the Yoho E-commerce Platform was the most-visited electronic and home appliances e-commerce platform with the highest online retail sale volume in Hong Kong. (Source: Frost & Sullivan)
- In May, pre-IPO investors *(note 1)* subscribed for a total of 15,031,101 series A convertible preferred share(s) of our Company (the "**Series A Preferred Shares**") at a total consideration US$8,250,000.

Note:

1. i.e. the 2021 Pre-IPO New Shares Investors as defined in the prospectus of the Company dated 26 May 2022 (the "**Prospectus**"), comprising (1) Japan Home Centre (Management) Ltd; (2) Method King Limited; (3) Triple Gold Enterprise Limited; (4) Cell Rising Capital (BVI) Limited; (5) EVO Fund; (6) Wealth Power Asia Investment Ltd; (7) Ms. Chiu Wing Kwan Winnie; (8) Ms. Chiu Jennifer Wendy; (9) Mr. Hoong Cheong Thard; (10) Mr. Adamczyk Alexis Thomas David (one of our non-executive Directors); (11) Mr. Rondouin Hugues Louis Gabriel; (12) Ms. Lam Suk Ling Shirley; (13) Infinity Evergreen Limited; (14) Mr. Chiu Ka Kui Kenneth; (15) Mr. Leung Hon Fai Kevin; (16) Mr. Tsoi Yiu Ting; (17) Mr. Wu Arthur; (18) Mr. Wu Shang Hong Jason; (19) Ms. Li Ying; (20) Ms. Geffner Xin Yue Jasmine; and (21) Ms. Shi Huiting

MAJOR MILESTONES AND EVENTS

2022

- In February, we were awarded the Caring Company Logo 2021/22 by The Hong Kong Council of Social Service.
- On 10 June, our Company became the first B2C e-commerce platform successfully listed on the Main Board of the HKEX.
- In October, we opened our largest flagship store in Causeway Bay, spanning 12,000 square feet on the 9th floor of Hang Lung Centre. Our offline retail network now covers Kowloon East, Kowloon West and Hong Kong Island.
- In November, we launched our 3P Business Model, where quality third-party merchants may sell their products that are beyond the categories we offer under our 1P Business Model, through the Yoho E-commerce Platform.

2023

- In February, we were awarded the Caring Company Logo 2022/23 by The Hong Kong Council of Social Service for the second consecutive year.
- On 13 March, we marked our 10th anniversary and launched a series of thanksgiving campaigns throughout March.
- In March, we launched a strategic partnership with JHC to offer free pickup services at 30 JHC stores across Hong Kong in the first phase of the partnership, with a guarantee of "Same-day Collection".
- As at the date of this annual report, we had more than 1,000,000 registered members.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall performance

The global economy faced persistent turbulence throughout 2022 due to a variety of unfavorable macroeconomic factors, including the enduring impact of the COVID-19 pandemic, heightened inflation, interest rate hikes, and geopolitical uncertainties. During the Reporting Period, the purchasing power of Hong Kong consumers was further constrained by the volatile external environment and the underperformance of the equity and real estate markets for a significant portion of the year. Although the stimulus voucher program and the easing of anti-pandemic restrictions in the fourth quarter of 2022 provided certain support for local retail sales, the surge in Hong Kong outbound travel following the relaxation of restrictions dampened domestic consumption demand. Consequently, the positive influences were unable to counterbalance the myriad challenges faced by retail sales. Local consumers maintained a conservative spending approach, leading to a sluggish retail market during the Reporting Period.

Despite the challenging business environment, we have exhibited resilience and adaptability as one of the leading market players in the business-to-customer ("**B2C**") e-commerce industry in Hong Kong. Our business agility has been instrumental in helping us to navigate the difficulties and remaining profitable during the Reporting Period. The Group's performance was in line with the overall Hong Kong retail market. Our GMV and revenue experienced a healthy growth of approximately 6.3% and 8.2%, respectively, while Hong Kong's retail market recorded a comparable increase of approximately 6.9%, according to the reports on the Monthly Survey of Retail Sales published by the Census and Statistics Department. Our adjusted net profit for the Reporting Period amounted to approximately HK$23.0 million as compared to approximately HK$26.2 million in FY21/22. While this signifies a year-over-year decrease, we view this as a strategic reinvestment in the future of our business. The decline was mainly attributable to (i) the additional operating expenses incurred, including legal and professional fees after the Listing; (ii) the increase in investment in system development for long-term goal; and (iii) the increase in initial cost for new business development. We regard these moves as vital to our long-term growth strategy and as steps toward solidifying our leadership position in the dynamic of Hong Kong retail market.

Launch of 3P Business Model

In our ongoing efforts to further monetise our significant website traffic and create catalysts for growth, we capitalised on our well-developed Yoho E-commerce Platform and extensive customer base by launching our 3P Business Model in November 2022. Merchants may sell products beyond the categories we offered under our 1P Business Model, through the Yoho E-commerce Platform, and we charge commissions from Merchants for every completed sale. As a result, our product portfolio and revenue streams have been diversified and our sub-categories expanded to fourteen. As at 31 March 2023, we had over 270 registered Merchants and introduced approximately 10,000 new stock-keeping units ("**SKUs**") to the Yoho E-commerce Platform. By the end of 2023, we expect to provide 60,000 non-repetitive SKUs under our 1P Business Model and 3P Business Model.

New Flagship Shop in Causeway Bay

To maximise the synergies of our OMO model and further optimise our seamless retail network, we established our largest Yoho flagship store in Causeway Bay, Hong Kong Island in October 2022. Spanning 12,000 square feet on the 9th floor of Hang Lung Centre, Causeway Bay, the store features a diverse product portfolio with more than 24,000 active SKUs. With the addition of the Causeway Bay flagship store, our offline retail network now covers Kowloon East, Kowloon West and Hong Kong Island, offering enhanced shopping experiences for existing and potential customers across various districts.

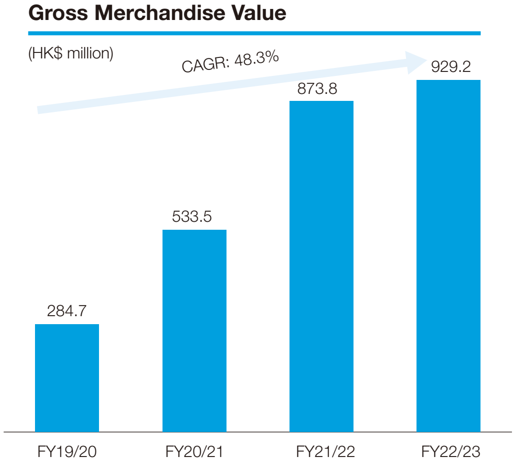
MANAGEMENT DISCUSSION AND ANALYSIS

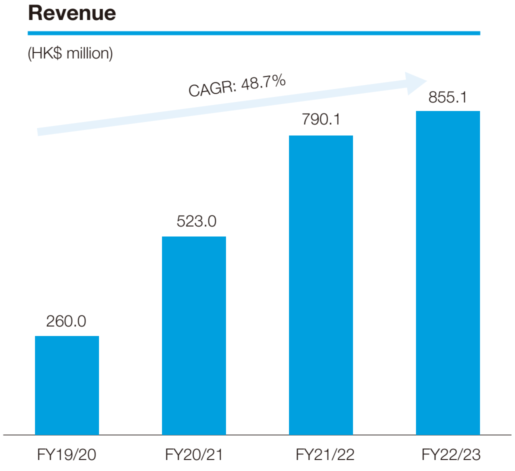
Strategic Partnership with JHC

To improve our last-mile delivery efficiency, we launched in March 2023 a strategic partnership ("**Partnership**") with JHC, a wholly-owned subsidiary of International Housewares Retail Company Limited (whose shares are listed on the Stock Exchange (Stock Code: 1373)). The Partnership provides free pickup services for customers who spend HK$300 or more on the Yoho E-commerce Platform at 30 JHC stores across Hong Kong in the first phase of the Partnership, ensuring "Same-day Collection" for orders placed before 9:00 a.m. on a daily basis. The expansion of the JHC pickup network is now under discussion, aiming to effectively address the burgeoning demand for quick commerce.

Business performance

As aforementioned, we achieved an approximately 6.3% and an approximately 8.2% growth in the GMV and the total revenue, respectively, and continued to be one of the leading market players in the Hong Kong B2C e-commerce industry, riding on the rapid growth in Hong Kong's online retail sales by 10.3% during FY22/23, according to government statistics.

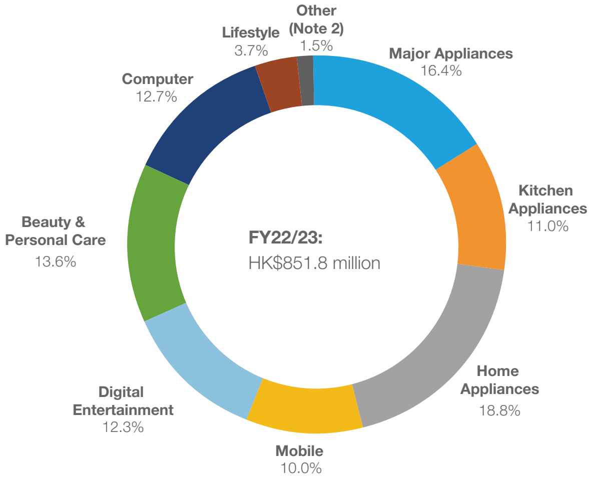


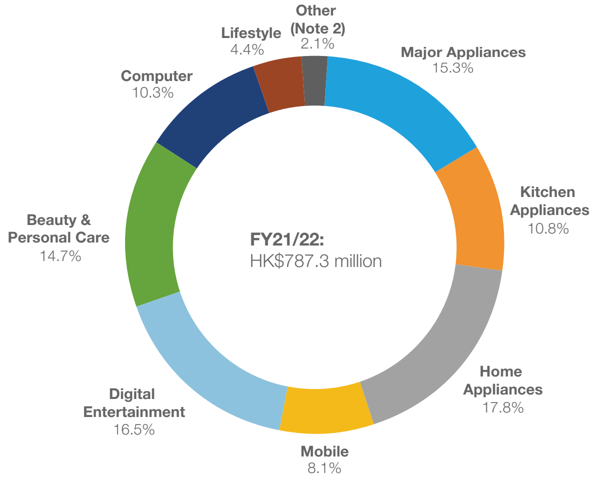


MANAGEMENT DISCUSSION AND ANALYSIS

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. Other refers to Toys, Makeup & Skincare, Household, Health & Wellness, Pet Supplies and Wine & Spirits.

MANAGEMENT DISCUSSION AND ANALYSIS

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

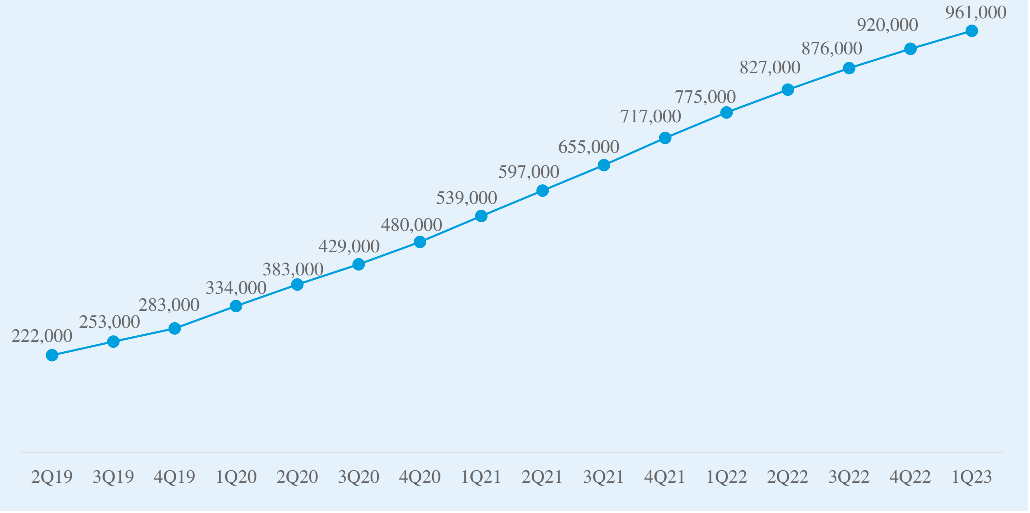
We believe our OMO business has enabled us to enhance customer experience, which helped drive the significant increase in our customer base and the scale of operation during the years indicated below:

	FY22/23	FY21/22	Movement
GMV *(HK$ million)*	**929.2**	873.8	6.3%
Number of registered members	**961,000**	775,000	24.0%
Number of orders intakes	**477,000**	463,000	3.0%
Basket value *(HK$)*	**1,950**	1,887	3.3%

Growing customer base

The Yoho E-commerce Platform was one of the most-visited websites in Hong Kong, with over 1.7 million average monthly active users during FY22/23. We have established a customer base comprising over 961,000 registered members as at 31 March 2023.

Number of Registered Members



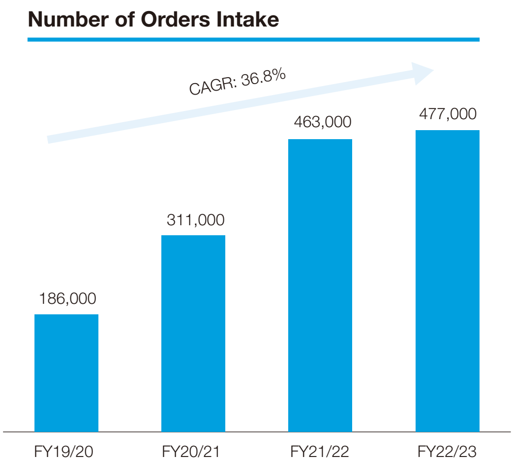
Source: Internal system.

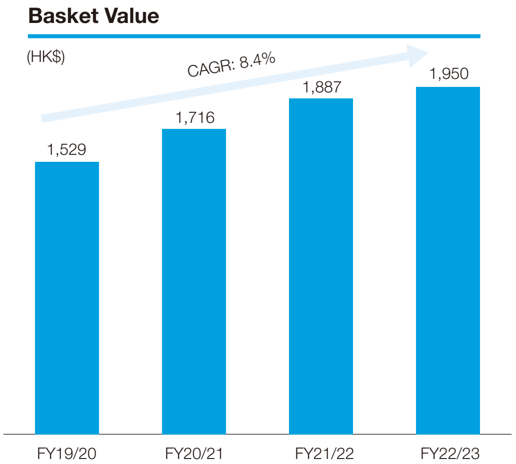
MANAGEMENT DISCUSSION AND ANALYSIS

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.

Meeting increased demand

The increasing degree of customer loyalty can also be evidenced by our building up in terms of both the number of orders intake and the basket value of purchase by our customers, representing a year-on-year increase of 3.0% and 3.3% in FY22/23, respectively.

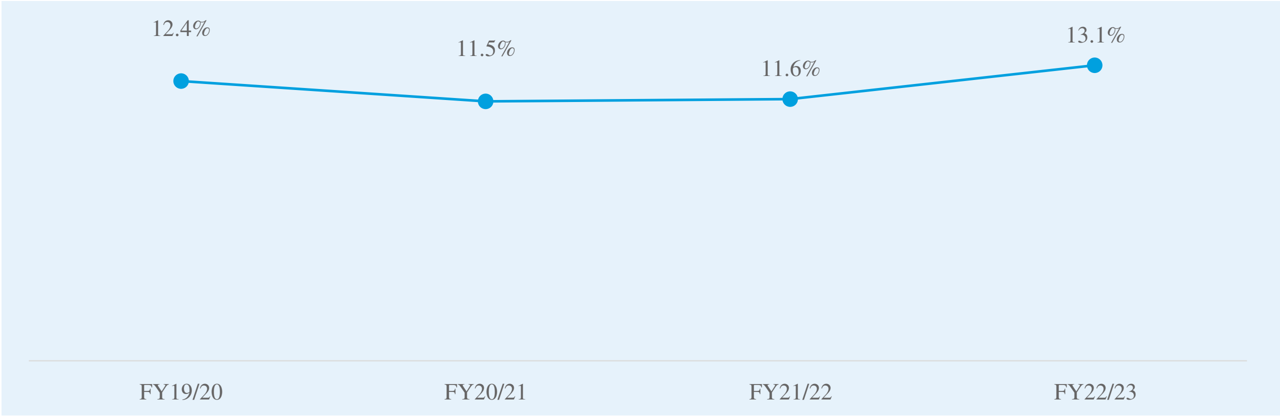




Disciplined cost efficiency

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 FY21/22 and FY22/23 remained relatively stable at approximately 11.6% and 13.1% of our total revenue for the relevant year, respectively.

Total Operating Expenses (as % of total revenue)



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Our revenue increased from approximately HK$790.1 million for FY21/22 to approximately HK$855.1 million for FY22/23, representing an increase of approximately 8.2%. 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 orders intake 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) the 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) the implementation of supportive government policies including the Consumption Voucher Scheme.

Cost of goods sold

Our cost of goods sold increased from approximately HK$667.3 million for FY21/22 to approximately HK$723.9 million for FY22/23, representing an increase of approximately 8.5%. 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$122.7 million for FY21/22 to approximately HK$131.2 million for FY22/23, representing an increase of approximately 6.9%, which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, our gross profit margin decreased from approximately 15.5% for FY21/22 to approximately 15.3% for FY22/23, 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 FY22/23, 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.

Other income

Our other income increased from approximately HK$28,000 for FY21/22 to approximately HK$6.2 million for FY22/23, which was primarily due to (i) the increase in government grants of approximately HK$2.2 million, which mainly include the wages subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government; and (ii) the increase in interest income of approximately HK$4.0 million.

Other gains and losses

We recorded other losses of approximately HK$4.6 million and HK$2.1 million for FY21/22 and FY22/23, respectively. The decrease in other losses was primarily due to the decrease in negative fair value change in convertible redeemable preferred shares from approximately HK$4.7 million for FY21/22 to approximately HK$2.3 million for FY22/23.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Our selling and distribution expenses increased from approximately HK$68.0 million for FY21/22 to approximately HK$76.5 million for FY22/23 primarily due to (i) the increase in logistics and storage cost charged by the third party service providers as a result of the increase of revenue of our Group of approximately 8.2% from FY21/22 to FY22/23; and (ii) the increase in investment for new business development.

Administrative expenses

Our administrative expenses increased from approximately HK$23.5 million for FY21/22 to approximately HK$35.7 million for FY22/23 primarily due to (i) the increase in staff cost as a result of the increase in headcount from 95 in FY21/22 to 105 in FY22/23 due to the business growth and future expansion; and (ii) additional operating expenses including legal and professional fees after the Listing.

Finance costs

Our finance costs increased from approximately HK$419,000 for FY21/22 to approximately HK$872,000 for FY22/23, 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$4.7 million for FY21/22 to approximately HK$3.5 million for FY22/23 primarily due to the decrease in accessible profit for the same period.

Notwithstanding we recorded a profit before tax of approximately HK$9.8 million (FY21/22: approximately HK$4.5 million), the income tax expense of approximately HK$3.5 million (FY21/22: approximately HK$4.7 million) was recognised and hence we recorded effective tax rate of approximately 35.7% (FY21/22: approximately 105.0%) for FY22/23. The decrease in effective tax rate is mainly due to the decrease in the expenses which are not deductible for tax purpose of (i) the decrease in fair value change in convertible redeemable preferred shares of the Company from approximately HK$4.7 million for FY21/22 to approximately HK$2.3 million for FY22/23; and (ii) the decrease in expenses relating to the listing of our shares on the Stock Exchange from approximately HK$21.7 million for FY21/22 to approximately HK$12.5 million for FY22/23.

Profit (loss) for the year

As a result of the foregoing, we recorded a net profit of approximately HK$6.3 million for FY22/23 as compared with a net loss of approximately HK$225,000 for FY21/22. Our net profit margin increased from approximately 0.0% for FY21/22 to net profit margin of approximately 0.7% for FY22/23. We recorded the turnaround from net loss to net profit position was primarily attributable to (i) the decrease in fair value change in convertible redeemable preferred shares of the Company from approximately HK$4.7 million for FY21/22 to approximately HK$2.3 million for FY22/23; and (ii) the decrease in expenses relating to the listing of our shares on the Stock Exchange from approximately HK$21.7 million for FY21/22 to approximately HK$12.5 million for FY22/23.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade receivables

Our trade receivables decreased from approximately HK$7.7 million as at 31 March 2022 to approximately HK$7.0 million as at 31 March 2023 which was attributable to the settlement of trade receivable from debtors within 30 days during FY22/23. Our days sales outstanding remained stable at 3 days as of 31 March 2023 and 31 March 2022, respectively.

The Group's trade receivables are of high quality. Current and overdue balances of less than 30 days were 81% of gross trade receivables during FY22/23 (FY21/22: 87%).

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 2023 HK$'000	As at 31 March 2022 HK$'000
Within 30 days	5,709	6,688
31 to 60 days	623	402
61 to 90 days	348	419
Over 90 days	336	192
	7,016	7,701

Trade payables

Our trade payables decreased from approximately HK$38.1 million as at 31 March 2022 to approximately HK$31.3 million as at 31 March 2023 primarily due to settlement of trade payables to suppliers within 30 days. Our days purchases outstanding remained stable at 18 days as of 31 March 2023 and 31 March 2022, respectively.

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 2023 HK$'000	As at 31 March 2022 HK$'000
Within 30 days	25,241	31,935
31 to 60 days	3,102	2,681
61 to 90 days	253	1,193
Over 90 days	2,743	2,285
	31,339	38,094

MANAGEMENT DISCUSSION AND ANALYSIS

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; and (iii) share-based payment rewarding the outstanding employees by our controlling shareholder. 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:

	FY22/23 HK$'000	FY21/22 HK$'000
Profit (loss) for the year	**6,303**	(225)
Adjusted for:		
Fair value change in convertible redeemable preferred shares	**2,261**	4,684
Listing expenses	**12,483**	21,703
Share-based payment rewarding the outstanding employees by our controlling shareholder	**1,989**	–
Adjusted net profit as non-HKFRS measures	**23,036**	26,162

Pledge of assets

As at 31 March 2023, bank deposits of approximately HK$1.3 million (31 March 2022: Nil) had been pledged against the bank guarantee letters for a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

Since the shares of the Company was listed on the Main Board of the Stock Exchange on 10 June 2022 (the "**Listing Date**"), 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$390,000 as at 31 March 2023.

The Group's sources of funding comprise of its cash and cash equivalents and short-term bank deposits. As at 31 March 2023, the Group's total cash position recorded an increase by 66.3% from approximately HK$126.3 million as at 31 March 2022 to approximately HK$209.9 million (excluding the pledged deposits of approximately HK$1.3 million), which was mainly due to net cash generated from financing activities of approximately HK$99.7 million, which primarily consists of proceeds from initial public offering of approximately HK$115.5 million, offset by share issue costs paid of approximately HK$7.1 million and repayments of leases liabilities and related finance cost of approximately HK$8.6 million, net of the cash flow used in operating activities to settle the listing expense amounted to approximately HK$20.2 million. Excluding the settlement of the listing expense used in operating activities, our net cash generated from operating activities amounted to approximately HK$9.4 million. The cash and cash equivalents and short-term bank deposits of the Group, mainly denominated in HK$, are generally deposited with authorised financial institutions.

As at 31 March 2023 and 31 March 2022, 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, if any. As at 31 March 2023, bank deposits of approximately HK$1.3 million (31 March 2022: Nil) 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 2023 and 31 March 2022 and hence no gearing ratio was presented. The Directors are of the opinion that, after taking into consideration the internal available financial resources, the Group has sufficient funds to finance its operations and to meet the financial obligations as and when they fall due. During FY22/23, the Group invested approximately HK$8.0 million on capital expenditure as compared to approximately HK$4.6 million in FY21/22. 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 2022 and 31 March 2023.

Use of Net Proceeds from the Global Offering

On 26 May 2022, the Company offered 55,000,000 ordinary 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2023 is set out below:

	Percentage	Allocated use of proceeds (HK$ million)	**Utilised as of 31 March 2023 (HK$ million)**	**Unutilised balance as of 31 March 2023 (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	**0.5**	**4.8**	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	**–**	**6.9**	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	**1.0**	**7.8**	On or before 31 March 2024
Expanding our teams of staff in support of our business strategies	19.2%	14.4	**2.6**	**11.8**	On or before 31 March 2026
Acquiring companies in e-commerce-related industries	13.7%	10.2	**–**	**10.2**	On or before 31 March 2024
General working capital	10.0%	7.5	**2.6**	**4.9**	On or before 31 March 2026
	100.0%	74.7	**19.2**	**55.5**	

As at 31 March 2023, the amount of unutilised net proceeds amounted to approximately HK$55.5 million. The unutilised net proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

Up to 31 March 2023, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Financial risk management policies and practices

Our Group is also exposed to certain financial risks which are set out in note 30 to the consolidated financial statements in this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

After three years of pandemic-induced disruption, the Hong Kong's retail sector is finally exhibiting signs of recovery. As restrictions are lifted and tourism slowly resumes, we maintain cautious optimism for the future, anticipating that the retail recovery will gain momentum. Although we are upbeat about the prospects, we acknowledge that it may take some time for Hong Kong's retail market to fully bounce back and reach pre-pandemic levels.

The pandemic has had dramatic knock-on effects on our daily lives, altering the way we live, work, and shop. The structural shift towards online shopping, driven by the pandemic, has proven to be a boon for e-commerce enterprises, positioning us for considerable growth potential in the years ahead. As the world continues to navigate the pandemic and its aftermath, we remain steadfast in our commitment to delivering exceptional customer experiences and staying at the forefront of the rapidly evolving e-commerce landscape.

1P Business Model

According to the 2022 retail sales statistics released by the Census and Statistics Department, the total value of retail sales reached approximately HK$349.9 billion, with electrical goods and other consumer durable goods accounting for approximately HK$42.8 billion. The data underscores the tremendous growth potential of our 1P Business Model, which primarily targets the consumer electronics and home appliances segment. Moving forward, we will strive to capture a larger market share through organic growth by strengthening the breadth and depth of our inventory level to ensure a more competitive supply of products that cater precisely for our customers' preferences. Additionally, we will maintain our commitment to excellent customer services as a key differentiator by investing in user experience enhancements and planning to launch our mobile application in the future, thereby encouraging repeat purchases. As part of our growth strategy, we are also actively pursuing a merger and acquisition plan that targets small e-commerce platforms, upstream or downstream companies, or brands. Such strategic acquisition(s) will not only expand our market presence and customer base, but also enable us to fortify our supply chain and streamline operations.

Simultaneously, to fully harness the synergies of our OMO model and offer best-in-class experiential shopping to our customers in various districts, we will continue to expand our offline retail network beyond our three existing retail stores. We plan to establish two large retail stores in New Territories East and New Territories West by FY23/24, subject to the rental market condition and the availability of suitable premises for lease.

In the era of new retail, quick commerce has emerged as a game-changer. To bridge the gap between the instant availability of goods in physical retail and the convenience of online shopping, we have been actively deploying quick commerce services. In addition to the Partnership with JHC for last-mile delivery, we are exploring potential collaborations with leading logistics companies to offer on-demand delivery services, striving to make online shopping even more convenient and hassle-free.

MANAGEMENT DISCUSSION AND ANALYSIS

3P Business Model

With the introduction of our 3P Business Model, we seek to capitalise on our significant website traffic and fuel growth by diversifying our product offerings and revenue streams. Our primary focus is to address the domestic consumption demands beyond consumer electronics and home appliances by supplying high-quality merchandise. By broadening our product categories, customers can enjoy a more extensive selection of products, making it easier for them to discover complementary items to their initial purchases. This approach will enhance upselling and cross-selling opportunities, ultimately boosting our revenue and growth potential.

Besides earning commissions from quality third-party merchants ("**Merchants**") for every completed sale, we plan to expand our revenue stream by offering additional value-added services in the future, including digital advertising services that are in high demand by Merchants. Effective marketing and advertising solutions will enable Merchants to boost traffic and conversions for their product offerings. The commission income and service income derived from the 3P Business Model is expected to serve as key growth drivers for the Group.

Furthermore, we plan to provide comprehensive fulfillment services to our Merchants in the future. The initiative is designed to streamline and optimise the logistics process, allowing Merchants to focus on their core business while we manage storage, packaging, and shipping, in order to shorten delivery time and ultimately enhance the overall shopping experience for our end-users. In addition to improving customer satisfaction, our fulfillment services will enable Merchants to leverage our established logistics and warehouse system to scale their operations more efficiently. The value-added offering will not only strengthen our relationships with Merchants but also position us as a one-stop solution for their e-commerce needs, further increase our competitive advantages in the market.

Cross-border

In 2021, the Greater Bay Area ("**GBA**") emerged as one of the world's four major bay areas, boasting a population of approximately 86.7 million and a GDP exceeding approximately US$1.95 trillion. The combined consumer market of the nine mainland GBA cities is vast, fueled by increasing income levels and the mature shopping habits of mainland consumers. We recognise the immense potential of the GBA and are committed to grasping the opportunities it presents.

To tap into the GBA market, we plan to establish a dedicated China business team that will focus on understanding local market dynamics, customer preferences, and emerging trends to tailor our offerings accordingly. Furthermore, we are in the process of strengthening our marketing efforts within the GBA market by collaborating with key opinion leaders who wield significant influence among Chinese consumers and utilising live stream sales to bolster our brand reputation and drive sales. With the introduction of our 3P Business Model, the SKUs on the Yoho E-commerce Platform are poised for exponential growth through the onboarding of Merchants, providing us with a more diverse range of product sources to cater for the diverse demand from the GBA consumer group.

While we acknowledge the fierce competition in the mainland e-commerce sector and the presence of numerous established e-commerce giants, we also recognise the consistent demand for quality foreign goods among mainland customers. We are particularly confident in the caliber of electrical appliances and electronic products we have sourced from overseas. We believe these favorable conditions, coupled with the absence of any major Hong Kong e-commerce player in the GBA, will provide us with competitive advantages as we venture into this thriving market.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023, our Group had 105 permanent full-time employees as compared with 95 as at 31 March 2022. 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 FY22/23, our Group acquired items of property, plant and equipment of approximately HK$8.0 million (FY21/22: approximately HK$4.6 million).

Capital commitments and contingent liabilities

As at 31 March 2023, the Group did not have any significant capital commitment nor contingent liability (2022: 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

There were no significant events that may affect our Group since the end of the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report ("**ESG Report**") is issued by our Group in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the "**Guide**") of the Main Board Listing Rules. This ESG report covers the Group's ESG policies, initiatives, and performance from 1 April 2022 to 31 March 2023 relating to our e-commerce and offline retail sales for quality merchandise with a focus on consumer electronics and home appliances. The scope of this ESG Report covers our operations in Hong Kong, including our headquarter, retail stores, and warehouse.

REPORTING PRINCIPLES

The reporting principles of materiality, quantitative, balance, and consistency have been strictly applied in determining and compiling the content of the ESG Report in order to maintain high-quality disclosure.

Materiality	Sufficiently important and pertinent information as determined by the Group's stakeholders is covered in this ESG Report. In prioritising the identified ESG issues, a materiality assessment is conducted which is disclosed in the section of Materiality Analysis of this ESG Report.
Quantitative	To facilitate the objective evaluation of our ESG performance and management effectiveness, quantitative information is provided, with standards, methodologies, assumptions and calculation tools disclosed where appropriate.
Balance	Information is disclosed as objectively as possible to provide stakeholders with an unbiased picture of our overall ESG performance.
Consistency	We ensure consistency of the reporting standards, data collection and calculation methods adopted and provide figures over the reporting years to allow meaningful comparison.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FY22/23 SUSTAINABILITY HIGHLIGHTS

Waste Management

- Partnered with Christian Family Service Centre to recycle small household electrical appliances in addition to the eight types of regulated electrical equipment, to prevent potential contamination and environmental issues that may arise from improper handling during transfer, storage and dismantling processes.
- Collaborated with ALBA IWS, an e-waste management and recycling company, to transform appliances with minor defects into refurbished items and donate them to various vulnerable groups.

Support to Local Startups and Homegrown Brands

- Launched Y Incubator, a start-up support program that enables qualifying start-ups to join the Yoho E-commerce Platform for sales with exemptions of listing fees, annual fees, and transaction commissions.
- Established a "Hong Kong Brand" zone in our offline stores, specifically designed to feature original Hong Kong products, offering consumers more opportunities to purchase local items and enhancing local brand recognition.

Support to Local Charities

- Launched Y Charity, a charity support program that grants local charitable organizations free access to the Yoho E-commerce Platform for fundraising and charitable sales.

Community Engagement and Investment

- Collaborated with Hong Kong Christian Service to organize an "Organic Farm Tour" for children from low-income families, who participated in farm activities and learned about organic farming and the food supply chain. This hands-on experience with nature allowed the children to expand their horizons and gain valuable insights.
- Continued our steadfast support for the "Make-A-Wish Come True" programme initiated by Hong Kong Christian Service, by donating new electrical products to local disadvantaged communities.

Disaster Response and Resilience

- Responded to the earthquake in southern Turkey with a material donation campaign on the Yoho E-commerce Platform. Customers were able to purchase designated heaters and thermos cups at near-cost prices, while we matched customer donations by providing an equal amount of relief supplies. These supplies were then transported to Turkey and distributed to those in need through the Turkish Consulate in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG GOVERNANCE

Intending to identify sustainability priorities and create sustainable value for the Group and its stakeholders, we have formulated a governance framework to sharpen our focus on ESG initiatives. Our corporate social responsibility structure consists of two main components, the board of directors (the "**Board of Directors**") and the ESG working group.

Our Board of Directors has overall responsibility for our ESG strategy and reporting, ensuring the proper implementation of our ESG policies, monitoring progress towards ESG targets and maintaining full compliance with the latest standards. In particular, our Audit Committee oversees and guides the Group's ESG initiatives, identifies, assesses and manages our ESG-related risks, such as climate-related issues, as well as ensures that appropriate and effective ESG risk management and internal control policies are in place.

In addition, our Board of Directors has adopted a comprehensive policy on ESG governance responsibilities (the "**ESG Policy**") in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations, including (i) appropriate risk governance on ESG matters, including climate-related risks and opportunities; (ii) identification of key stakeholders and communication channels for engagement; (iii) ESG governance structure; (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) identification of key performance indicators, relevant measurements and mitigating measures.

The ESG working group composed of management personnel from multiple departments and business units is obligated to convert strategies and plans into actionable tasks, as well as assist the Audit Committee in monitoring and managing ESG-related risks and opportunities. Furthermore, the working group handles the collection and analysis of internal ESG data, reviews feedback from internal and external stakeholders, communicates key ESG matters to the Board, as well as prepares this ESG report.

To uphold our ESG commitment and continually enhance our sustainability performance, we have established the following targets. We will consistently monitor our progress towards the environmental targets through the implementation of environmental practices and measures described in the "Environmental" section below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Aspects	Targets
Air emissions	• Closely monitor our air emissions intensity and ensure its alignment with business growth by FY26/27
Wastes	• Closely monitor our non-hazardous waste intensity and ensure alignment with business growth by FY26/27 • Continue to replace packaging paper boxes with recycled paper boxes by FY26/27
Energy consumption	• Closely monitor our energy consumption intensity and ensure its consumption is in line with business growth by FY26/27 • Incorporate energy efficiency as one of the criteria for the procurement of electronic devices (e.g. Grade 1 energy label) by FY26/27

Note: As the Group does not have significant water consumption, we have not disclosed our water consumption amount and thus, have not set a target for water consumption.

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement helps understand the views and expectations of our present and future sustainability strategies. We have engaged with the stakeholders that are directly impacted by our Group's operations, including investors, customers, employees, suppliers, the local community, and regulatory bodies. We continue to maintain communication with our key stakeholders to better comprehend their concerns and interests towards our operations and sustainability performances. Feedback collected through the stakeholder engagement exercises has provided valuable insights to our strategic development, and has contributed to the preparation of this ESG Report. In light of the outbreak of the COVID-19 pandemic, the Group has adapted to using various e-channels, such as online meetings, to facilitate communication with diverse stakeholders. Other communication channels that we engage with stakeholders include annual general meetings, financial reports, announcements, non-deal roadshows, supplier audits, customer feedback, employee surveys, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

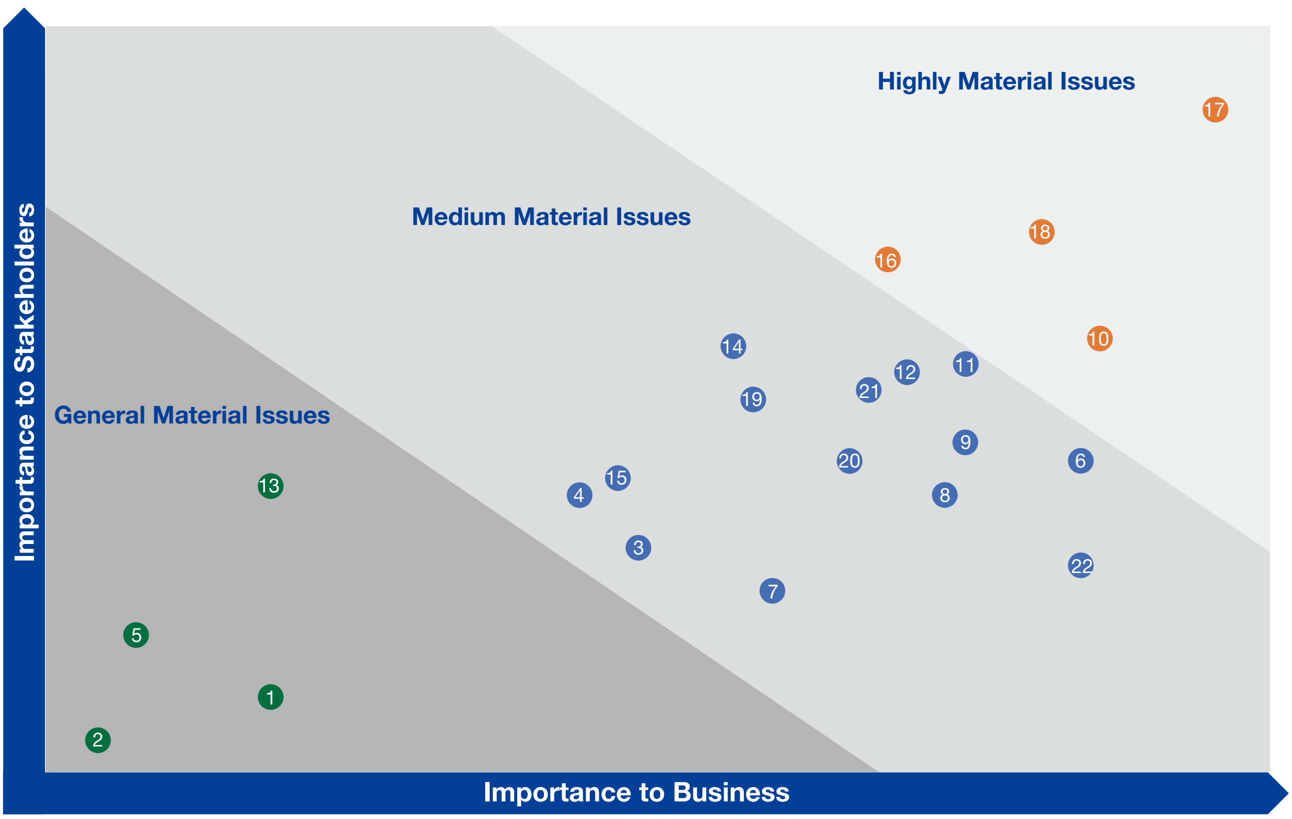
MATERIALITY ASSESSMENT

To allocate resources more efficiently and facilitate the smooth implementation of our ESG initiatives, during the Reporting Period, the Group adhered to the Guide of the Hong Kong Stock Exchange and invited both internal and external stakeholders to participate in an online questionnaire covering various ESG areas, allowing us to better understand our stakeholders' expectations and identify important ESG topics of the Group.

The online questionnaire addressed 22 significant ESG topics, with each stakeholder providing ratings for all the important topics. The Group prioritized these ESG topics based on the feedback gathered to ensure that the assessment results were precise and objective. After analysis, the Group prioritized 22 important ESG topics, including 4 highly material issues, 14 medium material issues, and 4 general material issues.

The following important ESG topics have been approved and confirmed by Board of Directors.

Yoho's Materiality Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Highly Material Issues	Medium Material Issues	General Material Issues
10 Employee promotion, remuneration, and working conditions	3 Non-hazardous waste management	1 Air and greenhouse gas emissions
16 Quality and safety management of services and products	4 Energy consumption and efficiency	2 Climate change response
17 Customer information protection	6 Packaging material	5 Water consumption and efficiency
18 Customer satisfaction	7 Driving environmental protection practice in the industry	13 Prohibition of child labour and forced labour
	8 Equal employment opportunities and diversity	
	9 Staff recruitment and termination	
	11 Occupational health and safety	
	12 Employee training and career development	
	14 Supply chain management and monitoring	
	15 Green procurement	
	19 Intellectual property rights	
	20 Advertising and labelling	
	21 Prevention of bribery, corruption and money laundering	
	22 Charity support	

In response to the concerns expressed by our stakeholders, this ESG Report outlines the Group's policies, measures and performance in relation to important ESG topics during the Reporting Period. Going forward, we will periodically review the relevant ESG policies and make appropriate adjustments to meet our stakeholders' expectations.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with applicable laws, rules and regulations with regard to environmental and social aspects is of paramount importance and we understand that non-compliance can be detrimental to the Group. The Group has implemented systems and allocated staff resources to ensure ongoing legal compliance. The Group's operations are primarily conducted in Hong Kong. Accordingly, the Group's establishment and operations shall comply with all laws and regulations applicable in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

The Group is committed to managing long-term environmental risks and impacts to maintain a sustainable business. We cooperated with employees and contractors to raise their awareness of environmental protection, focusing on key areas including greenhouse gases ("**GHG**") emissions, energy consumption and efficiency, and waste disposal. In addition, we ensured that employees of all levels comprehend the environmental aspects of their duties and are equipped to fulfill their responsibilities.

The Group diligently monitors compliance with legal and regulatory requirements from both local and international authorities. The Air Pollution Control Ordinance, Waste Disposal Ordinance and relevant regulations as set forth by the Environmental Protection Department of Hong Kong, are identified to have a significant impact on the Group in the environmental aspect.

During the Reporting Period, the Group did not identify any material non-compliance with environment-related laws and regulations in Hong Kong.

Given our business nature as an e-commerce and offline retailer, our operations do not involve significant water consumption and hazardous waste, therefore, the relevant disclosures are not applicable.

Air and Greenhouse Gases Emissions

The major source of our emissions is the indirect GHG emissions generated from our electricity usage. The total indirect GHG emissions and intensity for FY22/23 were 397.05 tonnes CO_2e and 0.01 tonnes CO_2e per square foot area, respectively. The breakdown of our GHG emissions is as follows:

Total greenhouse gas emissions in FY22/23

Scope 1:
Direct greenhouse gas emissions

0 Tonnes CO_2e

Scope 2:
Energy indirect greenhouse gas emissions

397.05 Tonnes CO_2e[1]

Note: These carbon emissions are calculated with reference to Appendix 2: Reporting Guidance on Environmental KPIs published by the Stock Exchange.

Our scope 2 energy indirect emissions include those associated with the consumption of purchased electricity. In order to meet our air emissions target, the Group has put continuous effort into implementing various energy-saving initiatives, such as using energy-efficient appliances in our offices.

For details of our measures to control indirect GHG emissions, please refer to the section "Energy Consumption and Efficiency" below.

1 The Group's GHG emissions increased compared with last year, due to the growth of the Group's business and included a new retail store located in Causeway Bay in the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

We adhere to the "3R" approach to environmental conservation, i.e. reduction of waste, reuse of resources and recycling of used materials, to the largest practicable extent in our business operations. By incorporating these principles into our business operations as much as possible, we demonstrated our commitment to the environment and our role in promoting sustainable development.

Due to the nature of our business, the Group inevitably generates non-hazardous waste. We classify this waste as either recyclable or non-recyclable for disposal. We have been recycling waste paper, cartons, and general office waste whenever possible since our inception. Recyclable waste is given priority for secondary use within the Group and the remaining recyclable waste is handed over to qualified companies for disposal. During FY22/23, the Group generated 1.94 tonnes of paper[2] and 12.2 tonnes of general office waste, with a total of 0.00025 tonnes of non-hazardous waste per square foot area. To effectively reduce waste, manage resources and achieve our waste generation target, the Group has launched various initiatives as follows:

- In addition to directing the eight types of regulated electrical equipment (REE) (including air-conditioners, refrigerators, washing machines, televisions, computers, printers, scanners and monitors) to licensed recycling facilities for proper treatment and recycling, we partnered with Christian Family Service Centre to recycle small household electrical appliances to prevent potential contamination and environmental issues that may arise from mishandling during transfer, storage and dismantling processes.
- We joined hands with ALBA IWS, an e-waste management and recycling company, to transform appliances with minor defects into refurbished appliances and donate them to different vulnerable groups.
- To foster a culture of reuse and recycling, we advocate for the use of refurbished units and offer certain refurbished items for sale, such as smartphones, vacuum cleaners and desktop computers. We generally provide our employees with refurbished computers for business purposes unless specifically requested otherwise.
- We have adopted digital price tags in our offline retail stores which automatically refresh to ensure synchronization between pricing information on the Yoho E-commerce Platform and our retail stores. The adoption of digital price tags significantly reduces the use of paper price tags.
- We have introduced our own shopping bag, the "'I Used To Be Plastic Bottle' RPET Shopping Bag", which is made of recycled polyethylene tetraphyte (PET) extracted from used plastic bottles. It serves as a more environmentally-friendly option for our customers compared to non-biodegradable plastic shopping bags or nylon shopping bags made from fossil fuels.
- We have made efforts to minimize the use of plastic bags by only offering recyclable paper bags to our customers at our retail stores.
- To reduce paper use, we have implemented e-invoices for offline retail sales unless our customers make specific requests for physical copies. We have also encouraged double-sided printing and made use of e-communication platforms to reduce office paper consumption.

[2] The Group's paper waste increased compared with last year, due to the growth of the Group's business and included a new retail store located in Causeway Bay in the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Consumption and Efficiency

We are conscious of our carbon footprint and the use of natural resources across our operations. We fully recognize the importance of energy conservation and climate change mitigation, and are committed to improving our energy efficiency. During FY22/23, the amount and intensity of electricity consumed directly by the Group were 926,467.10 kWh[3] and 16.07 kWh per square foot of area respectively.

The Group is dedicated to controlling electricity consumption and the corresponding GHG emissions to meet our energy use target, and hence the following energy-saving principles and initiatives have been developed and implemented to align sustainability concepts with our business operations during the Reporting Period:

Office

We are committed to improving our properties' energy consumption and efficiency. Our employees actively work to reduce energy intensity through regular energy tracking, facility replacement and upgrades, awareness promotion and internal benchmarking. We also advocate for the use of energy-efficient appliances in our offices, such as LED lighting and bottled water machine with Grade 1 Energy Label.

Offline retail stores

Our retail stores, with their extended operating hours, contribute significantly to our energy consumption. At our offline stores, we are dedicated to monitoring and managing our energy usage while making a conscious effort to reduce the use of air conditioning and lighting on the premises.

Warehouse

We have been paving the way for sustainable logistics and have collaborated with our third-party service providers to identify key action areas to improve our energy efficiency, ultimately reducing our carbon and air emissions.

3 The Group's energy consumption increased compared with last year, due to the growth of the Group's business and included a new retail store located in Causeway Bay in the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Packaging Materials

In response to our continued business expansion, which may inevitably lead to an increased paper box consumption for order delivery, we have taken initiatives to incorporate more sustainable elements in our packaging. Our goal is to use environmentally-friendly packaging materials, such as logo-free paper boxes that can be easily recycled. We have been making every effort to replace some of our packaging paper boxes with recycled options for customer deliveries since our inception. Furthermore, after carefully assessing the condition of the paper boxes containing merchandise shipped from our suppliers, those in good condition are reused for packaging products delivered to our customers. During FY22/23, we consumed 3.22 tonnes of packaging materials[4], including cartons and wrapping paper.

Environmental Management System

The Group is obliged to proactively strengthen and optimize acts in mitigating the environmental impacts of our operations. Not only do we achieve environmental compliance, but we also endeavor to attain a more sustainable work environment and business process.

The key features of our environmental management system are summarized below:

- Identify, evaluate and assess environmental risks and relevant statutory requirements on an ongoing basis;
- Engage major stakeholders such as employees and suppliers during the risk assessment process, and jointly develop appropriate mitigation plans;
- Establish measurable and practicable environmental performance objectives and targets, and conduct regular status evaluations;
- Launch environmental protection measures and conduct timely reviews of the operating effectiveness of the controls;
- Ensure the availability of resources, and define roles and responsibilities to facilitate effective environmental performance management;
- Investigate, handle and document environmental incidents properly in accordance with relevant legislations and standards, and identify preventive and corrective measures; and
- Perform management reviews of the environmental management system, for instance, through the analysis of monitoring results of environmental measures, to assess its adequacy and effectiveness, and identify opportunities for improvement.

4 The Group's packaging materials increased compared with last year, due to the growth of the Group's business and included a new retail store located in Causeway Bay in the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change

We have identified the following climate-related risks that may have an impact on the business, strategy and financial performance of our Group:

(i) typhoons, storms, flooding and other severe weather conditions may become more frequent, which could cause physical damage to our retail stores, warehouse and office, pose risks to the safety of our staff, and affect the stability of product supply from our suppliers, and our logistics, such as our delivery to our customers;

(ii) as the public gains greater awareness of energy saving, consumers may shift their preferences to a more sustainable lifestyle. Such transitional risk may require us to identify and source more energy-efficient products to satisfy the changing needs of our customers; and

(iii) due to climate change and climate-related issues, regulators may also require increased disclosure relating to the energy consumption levels for certain electronic products being supplied in the Hong Kong market, such as the Mandatory Energy Efficiency Labelling Scheme currently imposed by the government of Hong Kong. Any changes to these disclosure requirements may potentially lead to increased operational costs for our Group to comply with the relevant rules and guidelines.

In order to cope with the risks posed by climate change, we have contingency plans to ensure that the Group can manage the impact of extreme weather. We have also included climate change risk in the Group's risk management process. Climate issues and trends are taken into consideration when making significant business decisions. Moreover, with regard to regulatory risks, we closely monitor the latest regulatory developments, and ensure all affected departments are well aware of the updates, and strictly abide by the legal requirements.

SOCIAL

Employment

The Group realise the importance of compliance with regulatory requirements and risk of non-compliance with the laws and regulations regarding employment issues. This includes but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), anti-discrimination ordinances implemented by The Equal Opportunities Commission. In the Reporting Period, the Group has not identified any other material non-compliance with the relevant laws and regulations that have a significant impact on the business and operation.

Our employees have always been the indispensable assets of our Group. We have invested years in promoting a people-centric workspace in which our employees feel cared for and valued at work.

Our Human Resources and Finance Team is responsible for recruiting high-caliber talents and managing matters related to compensation, benefits, performance review, career development and employee retention. To attract, retain and motivate top-tier employees, we strive to provide competitive compensation packages. The Group monitors the internal fairness of compensation within the organization and external fairness within the labour market of related industries to provide our employees with the best possible compensation programme.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Recruitment and Termination

We primarily recruit our employees from the open job markets through advertising on the Yoho E-commerce Platform and online job portals. Qualified candidates are selected and employed based on pre-established criteria to ensure a fair assessment, taking into account their interview performances, relevant experiences, and academic and professional qualifications. Additionally, we enter into written employment contracts with our employees, which detail information on working hours, salaries and benefits as well as other terms and conditions safeguarding employees' interests.

To protect our employees from unjust termination, we have developed a comprehensive set of disciplinary and discharge procedures. The Group clearly specifies the types of inappropriate behaviors that may lead to disciplinary actions or termination, reinforcing a transparent and equitable work environment for all employees.

Promotion, Remuneration and Working Conditions

We are committed to fostering an environment that promotes professional growth, equitable remuneration, and exemplary working conditions. Our quarterly appraisal scheme, integral to this commitment, is designed to assess employee performance in alignment with our talent development objectives, enabling us to recognize and reward outstanding performance, identify areas for improvement, and provide tailored development opportunities. By linking promotions and remuneration to employees' contributions, we not only incentivize excellence but also ensure fair compensation. Our holistic approach to appraisal, encompassing both quantitative and qualitative criteria, cultivates a culture of continuous improvement and shared responsibility for our long-term success and sustainability. Adhering to the principles of equal opportunities and performance-based rewards, all employment and promotion decisions in the Group are based on experience, qualifications, and abilities. Except where required or permitted by law, employment practices will not be influenced or affected by an applicant's or employee's race, colour, sex, age, disability, family status or any other characteristics protected by law. As a result of our equal opportunities policy, we have attracted employees from all walks of life, from teenagers who have just finished education to seasoned managers and professionals.

In addition to competitive compensation packages, our Group also offers other benefits to our employees to remain competitive in the market. We adopted employee-friendly leave arrangements such as annual leave, marriage leave, maternity leave, paternity leave, sick leave and compassionate leave. We also offer our employees flexible working hours and shopping discounts.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we entered into individual employment agreements with our employees in accordance with the relevant laws and regulations. Our employment agreements specify terms including, among others, employee duties, remuneration, bonuses, confidentiality obligations relating to trade secrets, non-competition terms and grounds for termination. The remuneration package of our employees mainly includes salaries, discretionary bonuses and paid leave. Generally, our employees are entitled to monthly attendance bonuses and monthly incentives upon achievement of certain preset key performance indicators.

We provide a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. Contributions are made based on a percentage of the employee's basic salary.

Equal Opportunities, Diversity and Anti-Discrimination

We are committed to providing fair, equitable and reasonable job opportunities for our staff. Decisions in respect of engagement, remuneration, welfare, promotion and dismissal of our staff are made solely based on their competence at work. It is our policy that all employees shall be treated equally, irrespective of their individual age, gender, race, blood, skin colour, nationality, political status, creed, marital status, maternity status, sexual orientation, disability or any other factor irrelevant to their work performance or competence.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 31 March 2023, the Group had 105 employees in Hong Kong. Our employee profile was as follows:

Number of Employees

By Gender
- Male 65
- Female 40

By Age
- Below 30 19
- 30–49 83
- 50 or above 3

By Employment Type
- Director Level 8
- Manager Level 19
- General Level 78

By Geographical Region
- Hong Kong 105

Employee Turnover Rate[1]

In accordance with the calculation methodology for employee turnover rate defined in the Guide published by the Stock Exchange, during the Reporting Period, the Group's male employee turnover rate was 14.47%, while the female employee turnover rate was 38.46%. The employee turnover rate by age group was 38.71% for those under the age of 30, 21.70% for those aged between 30 and 50, and 40.00% for those aged 50 or above. As for the employee turnover rate by geographical region, the rate in Hong Kong was 25.53%.

Post-Probation Employee Turnover Rate [2 & 3]

By Gender
- Male 8.45%
- Female 25.93%

By Age
- Below 30 32.14%
- 30–50 11.70%
- 50 or above 0.00%

By Geographical Region
- Hong Kong 16.00%

Notes:

(1) Employee Turnover Rate per category = Number of employees in the category leaving employment during the Reporting Period/(Number of employees in the category as at year-end + Number of employees in the category leaving employment during the Reporting Period). The calculation method is in accordance with Appendix 3: Reporting Guidance on Social KPIs published by the Stock Exchange.

(2) All employee resignations are voluntary.

(3) Post-Probation Employee Turnover Rate = Number of employees in the category leaving employment after probation period/(Number of employees in the category as at year-end + Number of employees in the category leaving employment after probation period).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we were not aware of any case of material non-compliance with employment and labour-related laws and regulations in Hong Kong, including but not limited to the Employment Ordinance, Employees' Compensation Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Mandatory Provident Fund Schemes Ordinance.

Mental and Physical Well-being

In an effort to strengthen employee cohesion, solidarity and their sense of belonging within the Group, we have organized a variety of employee-centric activities. The Group remains steadfast in its commitment to creating an inclusive, positive and people-centric workplace. Actively engaging and empowering our employees are among our foremost priorities, as we recognize the value of nurturing a highly motivated and collaborative workforce.

Yacht Trip

Mid-Autumn Festival Party

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Occupational Health and Safety

We place a strong emphasis on work safety. We are committed to meeting all health and safety statutory requirements and exceeding them wherever reasonably practicable. All our warehouse employees are required to attend safety training upon the commencement of their respective employment.

We have also established a business continuity plan to prepare for business operations in the event of extended service outages caused by factors beyond our control (e.g., extreme weather conditions, man-made events, etc.). All Group sites are expected to implement preventive measures whenever possible to minimize the risks of injury and fatalities among employees and operational disruptions. Operations are expected to recover as rapidly as possible when the safety of employees is ensured. Evacuation procedures are also established and our assigned personnel will assist in the evacuation and hold a roll call at his assembly point in case of fire hazard.

We have adopted a total ban on smoking in all of our facilities. Smoking is strictly prohibited in all enclosed areas in the offices, including private offices, conference/meeting rooms, warehouse, common areas, pantries, washrooms and reception areas.

During the Reporting Period, our Group did not experience any significant incidents or accidents in relation to workers' safety. There were no fatalities recorded for our employees in the past three years including the Reporting Period and there were no lost days due to work injury in the Reporting Period.

0
no fatalities recorded in past three years

0
no lost days due to work injury

Relevant statutory requirements, including Occupational Safety and Health Ordinance, are strictly observed. In particular, according to the Employee's Compensation Ordinance, the employer is liable to pay compensation in respect of injuries or fatalities sustained by its employees as a result of accidents arising out of and in the course of employment. During the Reporting Period, we were not aware of any case of material non-compliance with occupational health and safety-related laws and regulations in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Training and Career Development

In our pursuit of continuous employee performance improvement, we have implemented comprehensive training initiatives for new recruits to familiarize them with our Group's operations and work environment. Our induction programs are designed to seamlessly integrate new hires into the organization by acquainting them with the Group's culture, values, mission, and essential policies and procedures. These well-structured programs facilitate a smooth transition for employees, enabling them to excel in their new roles.

Furthermore, we offer ongoing in-house training for our employees to deepen their understanding of our business operations and enhance their professional skillset. In conjunction with our performance feedback mechanism, supervisors actively engage in providing constructive feedback to their subordinates, highlighting achievements and areas for improvement. Regular meetings are conducted to review employees' key tasks, performance expectations, and specific goals or targets. We encourage open dialogue between employees and department management regarding career aspirations and necessary support. For our front-line employees, we provide on-the-job training that encompasses coaching, mentoring, or job shadowing with experienced colleagues to foster skill development and workplace confidence.

The Group is unwavering in our commitment to offering education and development opportunities for our employees, ensuring they possess the requisite professional skills to thrive in their positions.

The breakdown of employees trained, and average training hours completed per employee by gender and employment type during the Reporting Period are as follows:

Employees Trained

By Gender		By Employment Type	
Male	41.67%	Director Level	3.33%
Female	58.33%	Manager Level	10.00%
		General Level	86.67%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Average Training Hours Completed per Employee

By Gender		By Employment Type	
Male	0.58	Director Level	0.38
Female	1.31	Manager Level	0.47
		General Level	1.00

Remark: Percentage of employees trained by category = Employees in the category who took part in training/Employees who took part in the training. Average training hours for employees by category = Total number of training hours for employees in the category/Number of employees in the category. The calculation method is in accordance with Appendix 3: Reporting Guidance on Social KPIs published by the Stock Exchange.

Prohibition of Child Labour and Forced Labour

The Group firmly believes that fostering labour relations characterized by mutual respect and equality will boost employee morale and unity. Therefore, we adopted policies to safeguard the interest of our employees, including the prohibition of unlawful employment practices such as child and forced labour. All employees must have reached the statutory age and possess valid identification documents before commencing work. Employment contracts should be signed voluntarily, without any coercion. Should any violations be discovered, the responsible person will be subjected to internal investigations, or be referred to the appropriate authorities when deemed necessary. By upholding these principles, we aim to create a respectful, fair, and supportive work environment for all employees.

During the Reporting Period, the Group was not aware of any case of material non-compliance with child labour and forced labour-related laws and regulations in Hong Kong, including Immigration Ordinance, in relation to unauthorized entrants to Hong Kong and employment of illegal workers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supply Chain Monitoring

We collaborate with a diverse array of global and local suppliers, offering us an extensive range of products. We strive to minimize the potential risks and negative impacts that may emerge from disruptions along our supply chain. To achieve this, we have instituted robust corporate governance measures, including screening processes, obtaining product safety certifications, and verification checks on our suppliers. We prioritize suppliers who adhere to exemplary environmental and social practices. As part of our selection process, we rigorously assess the environmental awareness and management mechanisms of potential suppliers. We actively avoid engaging with suppliers involved in unethical business practices, corruption, forced labour or any violations of local laws and regulations.

By maintaining these stringent criteria, we ensure that our supply chain remains both responsible and sustainable, fostering an ethical and environmentally-conscious business environment.

For more details on our measures to manage our supplier quality, please refer to the section “Quality Management” below.

The numbers of suppliers by geographical regions engaged in the Reporting Period are as follows. We have implemented the mentioned environmental and social-related management procedures for all of our suppliers.

Geographical Regions	Hong Kong	Mainland China	USA	Korea	Japan	Taiwan
Number of Suppliers	699	49	14	10	7	7

Quality Management

To ensure the authenticity and quality of products procured from our suppliers, we only make procurement with suppliers on our pre-approved list. Our pre-approved suppliers are selected considering factors including but not limited to their reputation, brand image, track records of product offering and the quality of the products they offer. We also endeavour to procure our products either directly from brand owners or from authorized distributors of the relevant brands to guarantee the authenticity and quality of the procured items. The list of pre-approved suppliers is reviewed and updated by our procurement team, administration supervisor and our financial controller regularly. New suppliers will only be added to the list upon completion of a preliminary background search including obtaining their business registration certificates and/or certificate of incorporation or other supporting documents verifying their capacity as brand owners or authorized distributors of the products to be supplied. We will cease any business relationship with the relevant suppliers immediately when they are no longer able to satisfy our requirements regarding the authenticity and quality of our products. For internal control purposes, our chief executive officer reviews the list of pre-approved suppliers semi-annually. This process ensures that we maintain a high standard of product quality and authenticity throughout our supply chain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To promote environmental sustainability and social responsibility, the procurement of goods and services that meet the following environmental and social criteria shall be prioritized.

Sustainable materials

- Products that incorporate eco-friendly and sustainable materials, such as recycled paper, organic cotton, bamboo, and biodegradable packaging materials.

Energy efficiency

- Energy-efficient products that meet the energy efficiency standards set by the government or international organizations such as Energy Star or the European Union, preferably products with Grade 1 energy labels or smart technology, which help reduce users' energy consumption and lower their carbon footprint.

End-of-life considerations

- Products designed for easy disassembly, recycling, or proper disposal at the end of their useful life.

Packaging reduction

- Products with minimal packaging and those using recyclable or biodegradable materials for packaging wherever possible.

Green transportation

- Products that promote the use of electric or hybrid vehicles for transportation to reduce emissions and prefer sourcing from local suppliers to minimize transportation distances.

Waste reduction

- Suppliers who have established a comprehensive and mature waste reduction program that includes recycling and reuse initiatives.

Warranty and maintenance

- Products that come with a warranty and are designed for easy maintenance and repair to extend their useful life.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Upon delivery of products from our suppliers, they are placed in our warehouse or retail stores, where designated colleagues with sufficient seniority and experience from our warehousing and logistics team inspect them. These colleagues are responsible for counting and confirming the correct quantity and authenticity (for example, examining relevant anti-counterfeit labels or product warranty cards issued by the brand owners or authorized distributors) of the products and assessing the packaging condition of the delivered products. To further ensure the quality and authenticity of the products to be sold to our customers, we may also require suppliers to provide relevant safety compliance certificates, where appropriate. If product quality or authenticity issues are identified, our warehousing and logistics team will immediately report to our procurement team for liaison with our suppliers for refund or return of the affected products, and our procurement team may remove such suppliers from our pre-approved list where necessary.

In terms of advertising and marketing labels, we conduct thorough verification of product labels, promotional documents, website information, and advertisements before product launches or advertisement releases, so as to ensure that product advertisements and labels accurately reflect the product's actual features and maintain legal compliance in marketing practices.

If a complaint arises, we will assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, we will immediately provide the relevant solution to solve the issues as soon as practicable. In case of any product recalls due to safety and health reason, we will immediately conduct an investigation and communicate with the respective supplier, requiring them to be accountable either by claiming penalties or, for frequent offenders, blacklisting them.

During the Reporting Period, the Group did not receive any complaints due to poor quality and safety which have a material impact on the Group's business operations and financial position, nor is there any product labelling or products sold or shipped subject to recalls for safety and health reasons.

Protection of Customer Information and Intellectual Property Rights

We have formulated risk management and internal control procedures for data privacy risk management. Personal information is maintained in our enterprise management systems, and only a limited number of our employees are authorized with different levels of rights of access to the system, allowing them to access a designated scope of our customers' personal data stored in our enterprise management systems commensurate with their respective duties. We handle and store sensitive information with prudence and care, and act in strict accordance with the six data protection principles, including data collection, accuracy, use, security, openness and access & correction. Information including our Group strategies, past, current or potential customers, services providers, suppliers and subcontractors will be used for performing job duties and such information shall not be taken away from our premises physically or through the Group's network unless otherwise approved.

For our intellectual property rights, we currently operate our business, the Yoho E-commerce Platform and our retail stores under our brand names "Yoho" and "友和". The Group had also registered the domain name yohohongkong.com which is material in relation to the Group's e-commerce business. During the Reporting Period, we were not aware of any material infringement of intellectual property rights owned by us.

During the Reporting Period, we were not aware of any case of material non-compliance regarding quality management and data privacy-related laws and regulations in Hong Kong, including the Personal Data (Privacy) Ordinance, and Trade Description Ordinance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Preventing Bribery and Corruption

As a socially responsible company, we employ a zero-tolerance approach towards bribery, extortion, fraud, money laundering and any other form of corruption as a means to uphold business ethics, in order to minimize the business risks that our stakeholders may be exposed to and avoid any detrimental effect that may be posed on society. We have established a "Code of Ethics and Anti-Fraud and Anti-Bribery Policy" which is based on the actual situation to ensure the integrity and moral behavior within the Group. There exist effective measures throughout our Group including risk management and internal control policies to prevent any form of corruption. Such measures also provide our employees with clear guidance and training in dealing with receiving gifts and donations, conflicts of interest, etc. For example, all our employees are to observe a self-declaration guideline upon receiving any gifts or sample products. Furthermore, various training sessions are conducted regularly within our Group to strengthen our staff's adherence to the policies and practices in relation to anti-corruption. During the Reporting Period, our directors and staff participated in trainings regarding anti-corruption.

The Group has established a comprehensive company documentation portal that encompasses all of our policies and guidelines, including anti-corruption training materials. New employees are required to study these documents thoroughly prior to onboarding. This is an essential step in ensuring that everyone is well-informed about the Group's policies and guidelines, which are designed to maintain a safe and ethical work environment.

We mandate all employees to revisit these documents on the documentation portal regularly to stay up-to-date. Our policies and guidelines may change from time to time as we strive to improve our work environment and keep in line with legal and regulatory requirements.

We require all our employees to maintain proper standards of business conduct and to comply with all applicable laws and regulations. To support such, we have established procedures for reporting matters of serious concern that may affect our operation and reputation, encouraging our employees to report their concerns at the earliest practical stage, so that our Group can take appropriate and timely actions.

Upon the receipt of a whistleblowing report, our senior management will review the matter to assess what action should be taken. This may involve an internal inquiry or a more formal investigation. The management will inform the employee of whether they need further assistance from the employee. Our Group will make every effort to keep the whistleblower's identity confidential unless it becomes necessary to disclose the whistleblower's identity for instance if such a report leads to a criminal investigation.

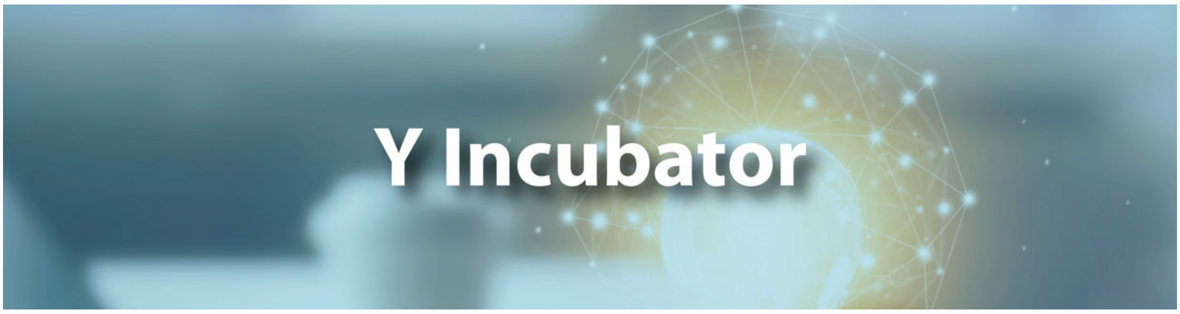
During the Reporting Period, the Group was not aware of any case of material non-compliance with corruption-related laws and regulations in Hong Kong, including the Prevention of Bribery Ordinance. The Group and our employees have no concluded legal cases regarding corrupt practices during the Reporting Period.

Community Investment

The Group has established our policy on community engagement to understand the needs of the local community and to ensure our activities take into consideration the community's interests. We initiated an ESG philosophy with a B2C focus "Business to Community", and strive to contribute to fostering a sustainable world by starting with the community we serve. Our focus areas of contribution include but not limited to education, culture, and health. During the Reporting Period, the Group has made cash and product donations to support our local community, of which HK$100,000 cash was donated to Love Foundation, a charity with a vision to support and raise funds for the Left Behind Children community in China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case Study - Support to local start-ups and homegrown brands



Startups have always been perceived as one of the important engines to promote economic growth. Nurturing startups will facilitate the injection of fresh ideas, new momentum, talents and creativity into society. To actively collaborate with local start-ups and drives innovation, we launched Y Incubator, our Hong Kong start-up support program, during the Reporting Period.

The program is an extension of the 3P Business Model of the Group. **Start-ups that meet the specific criteria can join the Yoho E-commerce Platform for sales with the exemption of listing fees, annual fees and transaction commissions** facilitating the startups to significantly reduce operating costs and promote their products to a large group of potential customers. This enables start-ups to achieve a more effective deployment of their seed capital. We intend to expand the coverage of Y Incubator to entrepreneurial programmes of tertiary institutions, so as to encourage more young people to start a business and continuously inject new impetus into Hong Kong society.

Additionally, to support our homegrown brands, we have established a "Hong Kong Brand" zone in our offline stores, specifically designed to feature original Hong Kong products. The initiative offers consumers more opportunities to purchase local items and enhance local brand recognition while unleashing the unique brand value of these local brands.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case Study - Support to local charities

As a responsible corporate citizen, we recognize that our charitable efforts alone may have limited impact without public support, so we strive to capitalize on our strengths to create greater influence. During the Reporting Period, we launched Y Charity, our charity support program which **grants local charitable organizations free access to the Yoho E-commerce Platform for fundraising and charitable sales**. All proceeds will be transferred directly to the respective organizations without any administrative fees.

Y Charity covers all charitable institutions and trusts that receive tax exemptions under Section 88 of the Inland Revenue Ordinance. By leveraging the Group's substantial website traffic and customer base, the program can significantly broaden the audience reach for fundraising campaigns and lower administrative costs for these charitable organizations. The initiative is especially beneficial for smaller-scale charitable institutions, as our operating resources can help enhance their fundraising effectiveness significantly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case Study - Community engagement and investment

Committed to the principle of "Giving back to society", we actively participate in and support our local community through diversified channels, including charitable donations, product donations and volunteer services, etc.

Since 2017, the Group has maintained close cooperation with Hong Kong Christian Service for seven consecutive years, offering assistance and support to disadvantaged groups in society. In January 2023, Yoho Volunteer Team and Hong Kong Christian Service jointly organized the "Organic Farm Tour". We invited from low-income families to participate in farm activities, accompanied by our volunteers. The experience enabled the children to learn about organic farming and understand the entire "from farm to fork" food supply chain.

Moreover, we have been a loyal supporter of the "Make-A-Wish Come True" programme launched by Hong Kong Christian Service, which aims to benefit low-income or single-parent families, the elderly, children with special needs, disabled individuals and ethnic minorities. Throughout the year, we have maintained contact with local disadvantaged groups and donated new electrical products tailored to their needs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case Study - Donation for Earthquake in Turkey

In February 2023, southern Turkey was struck by multiple earthquakes, including two powerful ones with magnitudes 7.8 and 7.5 on the Richter scale. These were some of the strongest earthquakes of the century and the natural disaster claimed the lives of at least 46,000 people. In response to this tragedy and embodying the spirit of humanitarian care, our Group actively responded to the appeal of the Turkish Consulate General in Hong Kong and launched a material donation campaign on the Yoho E-commerce Platform to assist the affected victims.

During the material donation campaign, customers could purchase two types of designated heaters and thermos cups on the Yoho E-commerce Platform at a near cost. These items were then delivered to a relief supply collection point in Turkey. Meanwhile, we matched customer donations by providing an equal amount of relief supplies, effectively elevating the charity effort.

Thanks to the generous donations from enthusiastic people in the city, the Group donated a total of 672 thermos cups and 106 heaters during the campaign.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 27 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Reporting Guide Requirements	Description	Relevant Section
Overall Approach	The board has overall responsibility for an issuer's ESG strategy and reporting.	ESG Governance
Governance Structure	(a) A disclosure of the board's oversight of ESG issues; (b) The board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); (c) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance
Reporting Principles	(a) Materiality (b) Quantitative (c) Balance (d) Consistency	Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report, and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Introduction
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental
KPI A1.1	The types of emissions and respective emissions data.	Air and Greenhouse Gases Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Air and Greenhouse Gases Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Guide Requirements	Description	Relevant Section
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ESG Governance, Air and Greenhouse Gases Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ESG Governance, Waste Management
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Consumption and Efficiency
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Consumption and Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not Applicable
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ESG Governance, Energy Consumption and Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ESG Governance
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Management System
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management System
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Guide Requirements	Description	Relevant Section
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment, Recruitment and Termination, Promotion, Remuneration and Working Conditions, Equal Opportunities, Diversity and Anti-Discrimination
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Equal Opportunities, Diversity and Anti-Discrimination
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Equal Opportunities, Diversity and Anti-Discrimination
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Career Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Career Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Training and Career Development

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Guide Requirements	Description	Relevant Section
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Prohibition of Child Labour and Forced Labor
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Prohibition of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Prohibition of Child Labour and Forced Labour
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Monitoring
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Monitoring
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Monitoring
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Monitoring
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Monitoring
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Guide Requirements	Description	Relevant Section
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Management
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Customer Information and Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of Customer Information and Intellectual Property Rights
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Preventing Bribery and Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Preventing Bribery and Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Preventing Bribery and Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Preventing Bribery and Corruption
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wu Faat Chi (胡發枝)

Chief Executive Officer

Mr. Wu Faat Chi ("**Mr. Wu**"), aged 37, co-founded our Yoho OMO Business in 2013, is an executive Director and Chairman of our Board. Mr. Wu is responsible for formulating the strategic development plans of our Group and overall management of our Group. Mr. Wu has more than 15 years of experience in the Consumer Electronics and Home Appliances industry in Hong Kong and the PRC. Prior to commencing our Group's e-commerce business in 2013, he was involved in the trading and distribution of consumer electronics through offline channels in Hong Kong from 2008 to 2013. He was also engaged in the trading of consumer electronics in the PRC from 2011 to 2013. Mr. Wu holds a degree of Bachelor of Business Administration with a major in Economics and a minor in Humanities and China Studies from the Hong Kong University of Science and Technology. Mr. Wu is also one of the directors of each of our subsidiaries. Mr. Wu is the spouse of Ms. Tsui Ka Wing.

Ms. Tsui Ka Wing (徐嘉穎)

Chief Operating Officer

Ms. Tsui Ka Wing ("**Ms. Tsui**"), aged 39, co-founded our Yoho OMO Business in 2013, is an executive Director. Ms. Tsui is responsible for designing and implementing business strategies, overseeing regulatory compliance, and managing the daily operations of our Group. With over 10 years of experience in the Hong Kong e-commerce industry, Ms. Tsui has a diverse background. Prior to joining our Group, she co-founded Usamimi International Limited, an O2O fashion e-commerce business, in 2012 and worked as an audit associate at Deloitte Touche Tohmatsu in 2009. Ms. Tsui holds a Bachelor of Economics and Finance degree from the University of Hong Kong. She is also one of the directors of each of our subsidiaries. Ms. Tsui is the spouse of Mr. Wu.

NON-EXECUTIVE DIRECTORS

Mr. Man Lap (文立)

Mr. Man Lap (文立), aged 49, has been appointed as our Non-executive Director. He was appointed as a Director in May 2021, and was re-designated as a Non-executive Director in June 2021. As confirmed by Mr. Man, he is a Director nominated by Beyond Ventures. Mr. Man is the Co-founder & Managing Partner of Beyond Ventures, a Hong Kong-based venture capital firm founded in 2017. With the slogan "*From Hong Kong, For Hong Kong*", Beyond Ventures aims to revitalize and transform the city's innovation ecosystem by being Hong Kong's most impactful venture capital firm. He is primarily responsible for identifying potential start-ups and driving the investment decisions. Beyond Ventures portfolio companies include SenseTime (stock code: 20.HK), Smartsens (stock code: 688213.SH), Prenetics (Nasdaq: PRE), YOHO (stock code: 2347.HK), HKTaxi (acquired by Uber in 2021) and many more. Since 2018, Beyond Ventures has been appointed as a Co-investment Partner of HKSAR Government's Innovation and Technology Venture Fund (ITVF).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Man founded DYXnet Group in 1999 and he was the CEO from September 1999 to September 2018. Under Mr. Man's leadership, the company became the leading corporate virtual private network (VPN) service provider in Greater China and was acquired by 21Vianet Group (Nasdaq: VNET), the largest carrier-neutral Internet and data center service provider in China in 2014. Prior to founding DYXnet Group, Mr. Man was one of the brains behind LinkAGE Online from June 1995 to August 1999, which became the largest corporate Internet service provider in Hong Kong before being acquired by PSINet in 1998. Mr. Man obtained a degree of Bachelor of Arts from the Chinese University of Hong Kong in December 1997. Mr. Man is also one of the directors of our subsidiaries.

Mr. Hsieh Wing Hong Sammy (薛永康)

Mr. Hsieh Wing Hong Sammy ("**Mr. Hsieh**"), aged 50, was appointed as a non-executive Director in June 2021. Mr. Hsieh has been a co-founder and a director of the board of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK) since 2009, where he is responsible for providing strategic advice. Since 2021, Mr. Hsieh has also been an independent director of Magnum Opus Acquisition Limited (a special purpose acquisition company, which focuses on investing in companies in the consumer, technology or media sectors in Asia and listed on the New York Stock Exchange with stock code: OPA) and an independent director of Black Spade Acquisition Limited (a special purpose acquisition company, which focuses on investing in companies in the entertainment industry, enabling technology, lifestyle brands, products or services and entertainment media and listed on the New York Stock Exchange with stock code: BSAQ). From 2000 to 2008, Mr. Hsieh was a director of the search marketing team in Yahoo Hong Kong, where he was responsible for managing the overall business activities. Mr. Hsieh was a general manager in Efficient Frontier, a digital marketing company, where he was responsible for overseeing its business in the PRC. Mr. Hsieh obtained a degree of Bachelor of Arts in Economics from the University of California, Los Angeles in the United States in September 1995.

Mr. Adamczyk Alexis Thomas David

Mr. Adamczyk Alexis Thomas David ("**Mr. Adamczyk**"), aged 49, was appointed as a non-executive Director in June 2021. Mr. Adamczyk has been the head of corporate development and mergers and acquisitions of Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited (a company listed on the Stock Exchange with stock code: 0035) since August 2019, where he is responsible for overseeing corporate development and mergers and acquisitions. Mr. Adamczyk served as a director of Deutsche Bank Group Services (UK) Limited from March 1997 to July 2005 in London and Hong Kong, where he was a member of the equity capital markets department. From July 2005 to March 2019, Mr. Adamczyk worked at The Hongkong and Shanghai Banking Corporation Limited in Hong Kong, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005), with his last position being a managing director and co-head of the equity capital markets department for Asia Pacific, where he was jointly responsible for overseeing the department. Mr. Adamczyk obtained a degree of Bachelor in Business Administration from the Montreal University (HEC Montreal) in Canada in April 1997.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Qian, Sam Zhongshan (錢中山)

Dr. Qian, Sam Zhongshan ("**Dr. Qian**"), aged 59, is our independent non-executive Director and joined our Group in May 2022. Dr. Qian has been the chief executive officer of Star Plus Development Limited since October 2020, where he is responsible for formulating overall business strategy and corporate finance strategy. From March 2000 to March 2004, he was a vice president in Sohu.com Limited, which was formerly known as Sohu.com Inc. (a company listed on the NASDAQ with stock code: SOHU), where he was responsible for overseeing the finance, real estate and automobile channels. From April 2004 to June 2006, Dr. Qian was the president and chief financial officer of China Finance Online Co., Ltd (a company listed on the NASDAQ with stock code: JRJC), where he was responsible for the overall management and financial affairs of the company. From June 2013 to October 2019, he was a responsible officer of ExaByte Capital Management (HK) Limited to carry on Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Ch. 571 of the Laws of Hong Kong) (the "**SFO**"). Dr. Qian obtained a degree of Doctor of Philosophy from Columbia University in the United States in February 1991 and a degree of bachelor in Physics from the University of Science and Technology of China in the PRC in July 1985.

Mr. Chan Shun (陳純)

Mr. Chan Shun ("**Mr. Chan**"), aged 36, is our independent non-executive Director and joined our Group in May 2022. Mr. Chan joined The Hongkong and Shanghai Banking Corporation Limited, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005) in September 2015 as a monitoring and testing manager in the regulatory compliance monitoring department. He was promoted as a senior monitoring and testing manager of the same department in August 2017. From March 2020 to January 2023, he was an associate director in the asset management regulatory compliance department, where he was responsible for providing compliance advices and guidance. From October 2009 to September 2013, Mr. Chan was an associate in the assurance department of PricewaterhouseCoopers with his last position as a senior associate. He then served as an assistant manager in the intermediaries supervision department of the SFC from September 2013 to September 2015, where he was responsible for supervising intermediaries' business conduct and compliance with relevant regulatory requirements. Mr. Chan obtained a degree of Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2009. He was admitted for a Juris Doctor degree of the Chinese University of Hong Kong in August 2017 and received JD Scholarship for Excellence for the academic year of 2017/18, 2018/19 and 2019/20. He then obtained a Juris Doctor degree from the Chinese University of Hong Kong in November 2021. Mr. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since January 2013. He has also been a charterholder of Chartered Financial Analyst since September 2014. He has been a holder of the European Federation of Financial Analysts Societies (EFFAS) Certified ESG Analyst since December 2021.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ho Yun Tat (何潤達)

Mr. Ho Yun Tat ("**Mr. Ho**"), aged 37, is our independent non-executive Director and joined our Group in May 2022. Mr. Ho has been a financial director of Klook Travel Technology Limited, a global travel activities and services booking platform, since April 2020, where he is responsible for managing and leading the financial reporting, financial planning and analysis functions of the company. From October 2009 to July 2015, Mr. Ho was an associate in the tax department of PricewaterhouseCoopers with his last position as a manager in the assurance department in the financial services practice. From September 2015 to January 2016, Mr. Ho worked as an associate in the internal audit division of Morgan Stanley Asia Limited in Hong Kong. From January 2016 to November 2019, Mr. Ho worked as a financial director in GOGO Tech Limited, a technology platform in provision of logistics solutions. Mr. Ho obtained a degree of Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2009. Mr. Ho has been a member of Hong Kong Institute of Certified Public Accountants since March 2013.

SENIOR MANAGEMENT

Mr. Law Kwai Yee (羅貴義)

Chief Financial Officer

Mr. Law Kwai Yee ("**Mr. Law**"), aged 30, was the chief financial officer of our Group and has resigned as the chief financial officer with effect from 9 July 2022. He joined our Group in June 2021. Mr. Law was responsible for overseeing the financial affairs and formulating overall strategies, as well as leading the investor engagement of our Group. Mr. Law has over six years of experience in the corporate finance sector. Mr. Law obtained a degree of Bachelor of Business Administration in Professional Accountancy from the Chinese University of Hong Kong in November 2015.

Mr. Lam Wai Chiu (林衛超)

Financial Controller and Company Secretary

Mr. Lam Wai Chiu ("**Mr. Lam**"), aged 36, is the financial controller and the company secretary of our Group. He joined our Group in April 2019. He is responsible for financial reporting, financial planning of our Group. Mr. Lam has over 10 years of experience in the auditing and finance sector. Mr. Lam obtained a degree of Bachelor of Arts in Accounting from the Edinburgh Napier University in the United Kingdom in January 2013. He has been a member of Hong Kong Institute of Certified Public Accountants since January 2017.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the Reporting Period.

CORPORATE GOVERNANCE CULTURE

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

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices throughout the period from 10 June 2022 (the "**Listing Date**") to 31 March 2023.

In the opinion of the Directors, save for the deviation from the code provision C.2.1 disclosed in the subsection headed "Chairman and Chief Executive Officer" below, the Company has complied with all applicable code provisions set out in the CG Code throughout the period from the Listing Date to 31 March 2023.

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted its own securities dealing code regarding the code of conduct of Directors and employees (who are likely to be in possession of inside information of the Company) 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.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Handling Policy throughout the period from the Listing Date to 31 March 2023.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The composition of the Board as at the date of this annual report is as follows:

Executive Directors

Mr. Wu Faat Chi *(Chairman and Chief Executive Officer)*
Ms. Tsui Ka Wing *(Chief Operating Officer)*

Non-Executive Directors

Mr. Man Lap
Mr. Hsieh Wing Hong Sammy
Mr. Adamczyk Alexis Thomas David

Independent Non-Executive Directors

Dr. Qian Sam Zhongshan
Mr. Chan Shun
Mr. Ho Yun Tat

The biographical information of the Directors is set out in the section headed "Profile of Directors and Senior Management" on pages 59 to 62 of this annual report.

Mr. Wu is the spouse of Ms. Tsui. Save as disclosed in this annual report, there is no financial, business, family or other relationships between the members of the Board.

CORPORATE GOVERNANCE REPORT

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. During the Reporting Period, the Board held four Board meetings for the purposes of, among others, approving the (i) final results, and (ii) interim results of the Group for the Reporting Period.

A summary of the attendance records of the Directors at the Board meetings, the Board Committee meetings and the general meetings of the Company held during the period from the Listing Date to 31 March 2023 is set out below:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy and Investment Committee	Annual General Meeting
Mr. Wu Faat Chi	4/4			1/1	1/1	1/1
Ms. Tsui Ka Wing	4/4		1/1		1/1	1/1
Mr. Man Lap	4/4				1/1	1/1
Mr. Hsieh Wing Hong Sammy	4/4				1/1	1/1
Mr. Adamczyk Alexis Thomas David	4/4	2/2				1/1
Dr. Qian Sam Zhongshan*	3/4			1/1		1/1
Mr. Chan Shun*	4/4	2/2	1/1	1/1		1/1
Mr. Ho Yun Tat*	4/4	2/2	1/1			1/1

* appointed on 13 May 2022

Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors during the year.

The independent non-executive Directors and non-executive Directors have attended annual general meeting of the Company to gain and develop a balanced understanding of the view of the Shareholders.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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. While this will constitute a deviation from code provision C.2.1, 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.

CORPORATE GOVERNANCE REPORT

Independent Non-Executive Directors

During the period from the Listing Date to 31 March 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions the Company need to take to maintain and improve the Board's performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the period from the Listing Date to 31 March 2023, all Directors have completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the period from the Listing Date to 31 March 2023, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) were appointed for a term of one year with effect from the Listing Date and extended for a term of one year with effect from 10 June 2023. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association of the Company (the "**Articles of Association**").

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an addition to the Board, shall hold office only until the first annual general meeting of the Company after appointment. The retiring Directors shall be eligible for re-election.

Each of the executive Directors, Mr. Wu and Ms. Tsui, has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors, Mr. Man, Mr. Hsieh and Mr. Adamczyk, has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date and entered into a letter of renewal with the Company for a term of one year commencing from 10 June 2023, which may be terminated by not less than one month's notice in writing served by either the non-executive Director or the Company.

Each of the independent non-executive Directors, Dr. Qian, Mr. Chan and Mr. Ho, has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date and entered into a letter of renewal with the Company for a term of one year commencing from 10 June 2023, which may be terminated by not less than one month's notice in writing served by either the independent non-executive Director or the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

CORPORATE GOVERNANCE REPORT

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

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

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

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

Continuous Professional Development of Directors

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

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, in preparation for the Listing, the Directors attended a training organised by the Company and conducted by the Hong Kong legal advisers of the Company for all Directors on pre-initial public offering, ongoing obligations and Directors' duties and responsibilities of a publicly listed company under certain applicable Hong Kong laws and regulations, including the Listing Rules.

CORPORATE GOVERNANCE REPORT

The training records of the Directors for the Reporting Period have been provided to the Company and are summarised as follows:

Directors	**Type of Training** *Note*
Executive Directors	
Mr. Wu Faat Chi	A/B
Ms. Tsui Ka Wing	A/B
Non-Executive Directors	
Mr. Man Lap	A/B
Mr. Hsieh Wing Hong Sammy	A/B
Mr. Adamczyk Alexis Thomas David	A/B
Independent Non-Executive Directors	
Dr. Qian Sam Zhongshan*	A/B
Mr. Chan Shun*	A/B
Mr. Ho Yun Tat*	A/B

Note:

* appointed on 13 May 2022

A attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established four committees, namely, the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the strategy and investment committee (the "**Strategy and Investment Committee**"), for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee consists of three members, namely Mr. Adamczyk (non-executive Director), Mr. Ho and Mr. Chan (independent non-executive Directors). Mr. Ho is the chairman of the Audit Committee. At least one of the committee members possesses appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules and none of the committee members is a former partner of or has any financial interest in the Company's existing external auditors within two years before his appointment as a member of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and managing the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, reappointment and removal of external auditors, receiving and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, discussing with the auditors the nature and scope of the audit and reporting obligations, and developing and implementing policy on engaging an external auditor to provide non-audit services.

The Audit Committee held two meetings during the period from the Listing Date to 31 March 2023 to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

Remuneration Committee

The Remuneration Committee consists of three members, namely Ms. Tsui (executive Director), Mr. Chan and Mr. Ho (independent non-executive Directors). Mr. Chan is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The Remuneration Committee adopted the approach under code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of the individual executive Directors and senior management. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held one meeting during the period from the Listing Date to 31 March 2023 to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors and senior management.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the remuneration of the senior management by band is set out below:

	Number of persons
Nil to HK$1,000,000	1
HK$1,000,001 to HK$2,000,000	3

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board.

The Remuneration Committee also made recommendations to the Board on the terms of letters of renewal of the non-executive Directors and independent non-executive Directors.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Wu (executive Director), Dr. Qian and Mr. Chan (independent non-executive Directors). Mr. Wu is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee held one meeting during the period from the Listing Date to 31 March 2023 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting, to review the Board Diversity Policy and Director Nomination Policy. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

CORPORATE GOVERNANCE REPORT

Strategy and Investment Committee

The Strategy and Investment Committee consists of four members, namely Mr. Wu and Ms. Tsui (executive Directors), as well as Mr. Man and Mr. Hsieh (non-executive Directors). Mr. Man is the chairman of the Strategy and Investment Committee.

According to the terms of reference of the Strategy and Investment Committee, its principal duties include, without limitation, reviewing and evaluating investment projects for the long-term development of the Group (including mergers and acquisition, joint venture and equity investments), studying and making recommendations to the Board on major investments, financial solutions and capital investments and supervising the implementation of the investments approved by the Board.

The Strategy and Investment Committee held one meeting during the period from the Listing Date to 31 March 2023 to discuss the investment projects for the long-term development of our Group as well as other related matters.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 March 2023:

	Female	Male
Board	12.5% (1)	87.5% (7)
Senior Management	0.0% (0)	100.0% (1)
Other employees	40.6% (39)	59.4% (57)
Overall workforce	38.1% (40)	61.9% (65)

The Board had targeted to achieve and had achieved at least 12.5% (one) of female Directors, and 30.4% (32) of female employees of the Group and considers that the above current gender diversity is satisfactory. The Board will continue to review the gender diversity of the Group from time to time to ensure their appropriateness.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 28 to 58 of this Annual Report.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, qualification, skills, experience, knowledge, length of service and any other factors that the Board would consider relevant and applicable from time to time taking into account the Company's business model and specific needs.

The Board will continue to adopt measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the Board's composition based on the measurable objectives can be summarised by the following main diversity perspectives:

	Number of Directors
By Gender	
Female	1
Male	7
By Ethnicity	
Chinese	7
French	1
By Age	
Below 40	4
40-49	2
50 or above	2
By Length of Service	
Over 1 year	3
Over 2 years	5

Our Directors also have a balanced mix of knowledge and skills and obtained degrees in various majors. We have three independent non-executive Directors with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the Nomination committee and the Board are of the view that the composition of our Board satisfies the Board Diversity Policy.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

CORPORATE GOVERNANCE REPORT

The Director Nomination Policy sets out the following factors for assessing the suitability and the potential contribution to the Board of a proposed candidate:

- whether the individual's educational background and qualification, skills and experience are relevant to the Company's business model and specific needs;
- individual's character and reputation for integrity;
- whether the individual would be able to devote sufficient time to the Board;
- (in respect of appointment and reappointment of independent non-executive Directors) Independence of the individual with reference to the independence criteria set out in Rule 3.13 of the Listing Rules;
- how the individual would be able to contribute to the diversity of the Board with reference to the factors set out in the Board Diversity Policy of the Company from time to time in force; and
- Board succession planning considerations.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as follows:

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

CORPORATE GOVERNANCE REPORT

Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

During the period from the Listing Date to 31 March 2023, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy regularly to ensure its effectiveness. The Nomination Committee will also conduct annual review on the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs, comply with all applicable laws and regulations from time to time and maintain good corporate governance practice.

Corporate Governance Functions

The Board is responsible for determining corporate governance policy of the Company and performing the functions set out in the code provision A.2.1 of the CG Code.

During the period from the Listing Date to 31 March 2023, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. A Corporate Governance Policy setting out various corporate governance policies and procedures has been adopted by the Company, which applies to assist the Board and the top management to better perform their corporate governance duties to the Group and delegate the responsibilities to the Board committees.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In preparation for the Listing, the Company engaged an independent internal control consulting firm to perform an overall assessment on certain of our procedures, systems and internal controls. During the course of the internal control review, the consulting firm has provided some recommendations for our Group to enhance its internal control measures.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

The management of our Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system and ensuring that our Group establish and maintain appropriate and effective systems. The management also assists the Board in the implementation of our Group's policies, procedures and controls by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Risk management process involves operation management input to the risk identification, evaluation and management of significant risks. Operation management team makes decisions regarding which risks are acceptable and how to address those that are not. The Group periodically reviews our policies and procedures, code of business conduct, the Anti-corruption Policy and the Whistleblowing Policy.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

CORPORATE GOVERNANCE REPORT

The Company has adopted a Whistleblowing Policy to facilitate employees of our Group and other stakeholders who deal with our Group to raise, in confidence, concerns about possible improprieties in the practices and procedures, including financial reporting, internal control and other matters. It enables employees and stakeholders to report matters that may constitute (i) non-compliance to laws or regulations; (ii) malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matter; (iii) endangerment of the health and safety of an individual; (iv) damage caused to the environment; (v) improper conduct or unethical behaviour likely to prejudice the standing of the Company; and (vi) deliberate concealment of any of the above.

The Company has developed the Information & Communication Policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

The Company has engaged an external professional firm which assists the Board and the Audit Committee in their review of the adequacy and effectiveness of the risk management and internal control systems. The Company has also established its internal audit function to examine key issues in relation to the accounting practices and all material controls.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems throughout the period from the Listing Date to 31 March 2023.

The Board, as supported by the Audit Committee as well as the management report, has conducted its annual review of the effectiveness of the Group's risk management and internal control systems. The annual review also covered the financial reporting, internal audit function and staff qualifications, experiences and relevant resources. The Board considered that, throughout the period from the Listing Date to 31 March 2023, the risk management and internal control system and procedures of our Group were reasonably effective and adequate, and that no material deficiencies had been identified.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

Our controlling Shareholders, namely The Mearas Venture Limited ("**The Mearas Venture**"), The Wings Venture, Yo Cheers (BVI) Limited ("**Yo Cheers (BVI)**"), Mr. Wu and Ms. Tsui, have entered into a deed of non-competition in favour of the Company on 18 May 2022 (the "**Deed**"), details of which have been set out in the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

The Company has received written declarations from each controlling Shareholder in respect of his/her/its and/or his/her/its close associates' compliance with the terms of the Deed during the period from the Listing Date up to the date of this annual report. The independent non-executive Directors have also reviewed the compliance with the Deed and enforcement of the terms of the Deed by the controlling Shareholders, and they confirmed that the controlling Shareholders have been in compliance with the Deed throughout the period from the Listing Date up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 98 to 101 in this annual report.

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

AUDITORS' REMUNERATION

An analysis of the total remuneration to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the Reporting Period is set out below:

Service Category	**Total Fees**
Audit Services	HK$1,455,000
Non-audit Services	
– As reporting accountants in relation to the Global Offering of the Group	HK$1,914,000
– Other services in relation to the Global offering of the Group	HK$85,000
– Hong Kong profit tax for filing services	HK$129,000
– Review services in relation to the interim report	HK$300,000
– Others	HK$278,000
	HK$4,161,000

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Lam, the financial controller of our Group, has been appointed as the Company's company secretary with effect from 25 May 2021. Please refer to the section headed "Profile of Directors and Senior Management" in this annual report for his biographical information. During the Reporting Period, Mr. Lam has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with its Shareholders through various communication channels.

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

Convening an Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s).

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

Any Shareholder who wishes to put forward proposals at a general meeting of the Company shall submit such proposals to the Board in writing for the Board's consideration either via mail to the Company's principal place of business in Hong Kong or via email not less than 15 business days prior to the date of the general meeting. The mail address and email address are set out in the subsection headed "Contact Details" below.

CORPORATE GOVERNANCE REPORT

Putting Forward Enquiries to the Board

For enquiries about shareholdings, share registration and related matters, Shareholders shall direct their enquiries to the Company's Hong Kong branch share registrar and the contact details are set out as follows:

Tricor Investor Services Limited

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	is-enquiries@hk.tricorglobal.com
Telephone:	(852) 2980 1333
Fax:	(852) 2810 8185

For any other enquiries to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal office in Hong Kong or via email. The mail address and email address are set out in the subsection headed "Contact Details" below.

Contact Details

Shareholders can send their proposals and enquiries as mentioned above to the Company as follows:

Address:	9A, Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong (For the attention of the Board of Directors)
Email:	info@yohohongkong.com
Telephone:	(852) 3001 1077
Fax:	(852) 3011 3130

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

The Company will not normally deal with verbal or anonymous enquiries.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

The general meetings of the Company provide a forum for communication between the Board and the Shareholders. The Chairman of the Board and the chairmen of the Nomination Committee, the Remuneration Committee, the Audit Committee and the Strategy and Investment Committee (or their delegates) will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries. The annual general meeting of the Company for the Reporting Period (the "**AGM**") will be held on Thursday, 31 August 2023 and the notice of AGM will be sent to Shareholders of the Company at least 21 days before the AGM.

To promote effective communication, the Company maintains a website at www.yohohongkong.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

CORPORATE GOVERNANCE REPORT

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website.

(d) Shareholders' Meetings

The AGM and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders Enquiries

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: info@yohohongkong.com or by post to 9A, Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

(f) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

CORPORATE GOVERNANCE REPORT

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted an amended and restated Memorandum and Articles of Association by a special resolution passed on 20 May 2022 and which became effective on the Listing Date. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website. Save as disclosed above, there was no change in the constitutional documents of the Company during the Reporting Period and up to the date of this annual report.

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

The Board shall review the Dividend Policy as and when necessary.

Declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to the Shareholders' approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividend, depend on a number of factors, including the actual and expected results of operations, financial condition, the payment of cash dividends by our subsidiaries to us, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions of the Company, and other factors which our Board deems to be relevant. There is no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

REPORT OF THE DIRECTORS

The Board is pleased to present their annual report together with the audited consolidated financial statements for the Reporting Period.

REGISTERED OFFICE

The Company is a company incorporated registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands and has its registered office at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

PRINCIPAL ACTIVITIES

The principal activities of our Group are (i) provision of both online and offline e-commerce retail services and (ii) offline wholesale and trading of consumer electronics and home appliances. The principal activities of its major subsidiaries are detailed in note 34 to the consolidated financial statements.

BUSINESS REVIEW

The business review of our Group for the Reporting Period is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from pages 5 to 9 and pages 13 to 27 of this annual report, respectively. Description of the principal risks and uncertainties that our Group faces is set out in the section headed "Principal Risks and Uncertainties" on page 24 of this annual report.

RELATIONSHIPS WITH STAKEHOLDERS

Our Group understands that it is important to maintain a good relationship with its business partners, customers, suppliers and merchants to achieve its long-term goals. Accordingly, our management have maintained a solid communication channel and shared business updates with them when appropriate. This communication provides valuable feedback for our business and assists us to understand stakeholders' needs and assess the best way to leverage our resources and expertise to contribute to future business and community development.

An account of the Company's relationships with its talents is set out in the sections headed "Management Discussion and Analysis" from page 27 and "Environmental, Social and Governance Report" from pages 38 to 45 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, our Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by our Group.

CHANGES TO DIRECTORS' INFORMATION

Since the Listing Date and up to the date of this annual report, save as disclosed in this annual report, there had been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' EMOLUMENT

Details of the emoluments of the Directors and five highest paid individuals for the Reporting Period are set out in note 12 to the consolidated financial statements in this annual report.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Our Group recognises its corporate responsibility to promote environmental and social sustainability and has therefore taken up various initiatives with a view to reducing energy consumption, food and paper waste. Through the initiatives taken to control electricity consumption by using energy-efficient retrofits and air-conditioning and lighting control measures in workplaces, we have seen continued improvement in reducing the use of electricity.

Going forward, our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in our Group's daily operation of our Group's business and also continue to promote environmental practices and social sustainability through various initiatives consistent with its policies and relevant laws and regulations.

In addition, discussion on our Group's environmental policies and performance are contained in the section headed "Environmental, Social and Governance Report" on pages 28 to 58 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The financial performance of our Group for the Reporting Period and the financial position of our Group as at that date are set out in the consolidated financial statements from pages 102 to 104 of this annual report.

ANALYSIS ON FINANCIAL PERFORMANCE

An analysis of the Group's performance during the Reporting Period is set out in the sections headed "Financial Highlights", "Operational Highlights" and "Management Discussion and Analysis" on page 3, page 4 and from pages 13 to 27 of this annual report, respectively.

DIVIDENDS

The Board has recommended the declaration of a final dividend of HK$0.024 per Share for FY22/23 (FY21/22: Nil) representing a total amount of approximately HK$12,000,000, subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 31 August 2023. The proposed final dividend will be paid to the Shareholders on Wednesday, 27 September 2023 whose names appear on the Company's register of members on Tuesday, 12 September 2023.

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend and vote at the 2023 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 2023 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, 25 August 2023
Closure of the Register of Members	Monday, 28 August 2023 to Thursday, 31 August 2023 (both days inclusive)
Record Date	Thursday, 31 August 2023

(ii) Subject to the passing of the final dividend proposal agenda at the 2023 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 Wednesday, 6 September 2023
Closure of the Register of Members	Thursday, 7 September 2023 to Tuesday, 12 September 2023 (both days inclusive)
Record Date	Tuesday, 12 September 2023

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 26 to the consolidated financial statements. Shares were issued during the year on the exercise of share options. Details on the issuance of shares are also set out in note 26 to the consolidated financial statements.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" as set out on pages 93 to 94 of this annual report, no equity-linked agreement was entered into by our Group during the Reporting Period or subsisted at the end of the Reporting Period.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2023, calculated in accordance with the provision of Part 6 of Companies Ordinances (Cap. 622) of the laws of Hong Kong, amounted to approximately HK$35.6 million (2022: approximately HK$29.3 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2023 are set out in note 15 to the consolidated financial statements.

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 Reporting Period.

BORROWINGS

The Group had no outstanding borrowings as at 31 March 2023.

LOAN AND GUARANTEE

During the year ended 31 March 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling Shareholders or their respective connected persons.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

REPORT OF THE DIRECTORS

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors
Mr. Wu Faat Chi *(Chairman and Chief Executive Officer)*
Ms. Tsui Ka Wing *(Chief Operating Officer)*

Non-executive Directors
Mr. Man Lap
Mr. Hsieh Wing Hong Sammy
Mr. Adamczyk Alexis Thomas David

Independent non-executive Directors
Dr. Qian Sam Zhongshan *(appointed in May 2022)*
Mr. Chan Shun *(appointed in May 2022)*
Mr. Ho Yun Tat *(appointed in May 2022)*

In accordance with Article 16.19 of the Articles of Association, Mr. Wu Faat Chi, Mr. Adamczyk Alexis Thomas David and Mr. Ho Yun Tat will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date and entered into a letter of renewal with the Company for a term of one year commencing from 10 June 2023, which may be terminated by not less than one month's notice in writing served by either party on the other.

Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under note 27 to the consolidated financial statements, no transaction, arrangement nor contract of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

REPORT OF THE DIRECTORS

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between the Company or any of its subsidiaries and the controlling Shareholders of the Company or any of its subsidiaries during the Reporting Period or subsisted at the end of the Reporting Period and up to the date of this annual report, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder of the Company or any of its subsidiaries was entered into during the Reporting Period or subsisted at the end of the Reporting Period and up to the date of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 59 to 62 of this annual report.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director may be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a director in defending any proceedings whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company had arranged appropriate directors' liability insurance coverage for the Directors as at the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/chief executive of the Company	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Wu *(Notes 1,3)*	Interest in a controlled corporation	168,003,522 (Long position)	33.6%
	Interest of spouse	140,938,186 (Long position)	28.2%
	Interest of beneficial owner	3,014,000 (Long position)	0.6%
Ms. Tsui *(Notes 2,3)*	Interest in a controlled corporation	140,938,186 (Long position)	28.2%
	Interest of spouse	171,017,522 (Long position)	34.2%

REPORT OF THE DIRECTORS

Name of Director/chief executive of the Company	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Man (Note 4)	Beneficial Interest	3,894,160 (Long position)	0.8%
Mr. Hsieh (Note 5)	Interest in controlled corporation	2,877,598 (Long position)	0.6%
Mr. Adamczyk	Beneficial Interest	1,027,714 (Long position)	0.2%

Notes:

1. The Mearas Venture, which is wholly-owned by Mr. Wu, is interested in 168,003,522 Shares. Under the SFO, Mr. Wu is deemed to be interested in the 168,003,522 Shares held by The Mearas Venture and Mr. Wu is directly interested in 3,014,000 shares.

2. The Wings Venture, which is wholly-owned by Ms. Tsui, is interested in 140,938,186 Shares. Under the SFO, Ms. Tsui is deemed to be interested in the 140,938,186 Shares held by The Wings Venture.

3. As Mr. Wu is the spouse of Ms. Tsui, Ms. Tsui is deemed to be interested in the 171,017,522 Shares in which 168,003,522 Shares Mr. Wu is interested via The Mearas Venture and 3,014,000 Shares Mr. Wu is directly interested in and Mr. Wu is deemed to be interested in the 140,938,186 Shares in which Ms. Tsui is interested via The Wings Venture. As a result, each of Mr. Wu and Ms. Tsui is deemed to be interested in a total of 311,955,708 Shares, representing approximately 62.4% interest of the total issued share capital of our Company.

4. In addition to his direct interests in our Company, Mr. Man is indirectly interested in the issued share capital of our Company via Beyond Ventures Vehicle, which is interested in 35,676,935 Shares. 3 Musketeers Limited, which is owned by Mr. Man and his spouse, Ms. Ma Siu Yan Sandra, as to 50% and 50%, respectively, is (i) one of the shareholders of Beyond I Capital Limited (being the general partner of Beyond Ventures) as to approximately 14.3%, (ii) one of the limited partners and strategic partners of Beyond Ventures which directly owned a total of approximately 8.34% partnership interest (comprising approximately 3.69% partnership interest as limited partner and approximately 4.65% partnership interest as strategic partner, among which approximately 2.18% strategic partnership interest was in respect of our Group and approximately 2.47% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures), and (iii) one of the shareholders of Beyond I Special Capital Limited (being a limited partner of Beyond Ventures which owned approximately 5.35% of limited partnership interest of Beyond Ventures) as to 14.29%. For further details, please see the section headed "History, Reorganisation and Corporate Structure – Pre-IPO Investment – Public Float" in the Prospectus.

5. Triple Gold Enterprise Limited, which is ultimately and wholly beneficially owned by Mr. Hsieh, is interested in 2,877,598 Shares. Under the SFO, Mr. Hsieh is deemed to be interested in the 2,877,598 Shares held by Triple Gold Enterprise Limited.

Save as disclosed above, as at 31 March 2023, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

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

To the best knowledge and information of the Directors after having made all reasonable enquiries, as at 31 March 2023, the following persons (other than the Directors and chief executives of the Company) had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding
The Mearas Venture	Beneficial Interest	168,003,522 (Long position)	33.6%
The Wings Venture	Beneficial Interest	140,938,186 (Long position)	28.2%
Beyond Ventures Vehicle (Note 1)	Beneficial Interest	35,676,935 (Long position)	7.1%
Beyond Ventures (Note 1)	Interest in controlled corporation	35,676,935 (Long position)	7.1%
Beyond I Capital Limited (Note 1)	Interest in controlled corporation	35,676,935 (Long position)	7.1%

Note:

1. Beyond Ventures Vehicle is wholly-owned by Beyond Ventures, which is an exempted limited partnership registered in the Cayman Islands with (i) Beyond I Capital Limited as its general partner, which is in turn owned by Expand Ocean Limited as to approximately 28.6%, Mr. Fang Yan Zau Alexander as to approximately 28.6%, 3 Musketeers Limited as to approximately 14.3%, Billion Eggs Limited as to approximately 14.2% and Decent Global Limited as to approximately 14.3%, and (ii) various high net worth individuals and institutional and corporate investors as its limited partners and strategic partners. No limited partner or strategic partner has contributed more than one third of the capital to Beyond Ventures. Under the SFO, Beyond Ventures (as the sole shareholder of Beyond Ventures Vehicle) and Beyond I Capital Limited (as the general partner of Beyond Ventures) are deemed to be interested in the 35,676,935 Shares held by Beyond Ventures Vehicle.

Save as disclosed above, as at 31 March 2023, the Directors and chief executives of the Company were not aware of any other persons (other than the Directors and chief executives of the Company) who had interests in 5% or more of the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

On 20 May 2022, the Company conditionally adopted the Share Option Scheme the principal terms of which are set out below:

(a) Purpose

The purpose of the Share Option Scheme is to enable our Group to (1) recognise and acknowledge the contributions that eligible participants have (or may have) made or may make to our Group (whether directly or indirectly); (2) attract and retain and appropriately remunerate the best possible quality of employees and other eligible participants; (3) motivate the eligible participants to optimise their performance and efficiency for the benefit of our Group; (4) enhance its business, employee and other relations; and/or (5) retain maximum flexibility as to the range and nature of rewards and incentives which our Group can offer to eligible participants.

(b) Eligible participants

Eligible participants mean (1) any employee or officer employed by any member of our Group or an affiliate (whether full time or part time) and any of his/her close associates; (2) any director or proposed director of any member of our Group or any company which is an affiliate and their respective close associates; and (3) any consultant, professional, customer, supplier, agent, franchisee, partner, advisor or contractor of any member of our Group or any of the affiliates and their respective close associates, who the Board in its absolute discretion determines to be qualified to be (or, where applicable, to continue to be qualified to be) an eligible participant.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 50,000,000 Shares) (the "**Scheme Mandate Limit**") and representing 10% of the total issued shares of the Company as at the date of this annual report. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be refreshed if so approved by our Shareholders at general meeting from time to time provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by our Shareholders at general meeting. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time.

As no share options were granted since the adoption of the Share Option Scheme and up to the end of the reporting period, the number of options available for grant under the Share Option Scheme at the end of the reporting period was 50,000,000 Shares.

REPORT OF THE DIRECTORS

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options already granted or to be granted to any grantee (including exercised, cancelled and outstanding options) under the Share Option Scheme, in any 12-month period up to and including the date of such grant shall not exceed 1% of the Shares in issue.

(e) Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the commencement date subject to the provisions of early termination thereof.

(f) Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion and in accordance with the Listing Rules set a minimum period for which an option must be held and performance targets that must be achieved before an option can be exercised.

(g) Time of acceptance and the amount payable on acceptance of the option

An offer shall be deemed to have been accepted when the Company receives a duplicate offer letter duly signed from the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof.

(h) Basis of determining the exercise price

The exercise price in respect of any particular option shall be a price determined by the Board and stated in the offer letter, and shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of a Share prevailing on the date of the offer.

(i) Life of the Share Option Scheme

The Share Option Scheme became unconditional on the Listing Date and shall be valid and effective for a period of ten years commencing therefrom, subject to the early termination provisions contained in the Share Option Scheme. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme. Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the Reporting Period and up to the date of this annual report and there was no outstanding option as at 31 March 2023 and as at the date of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Share Option Scheme" above, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and/or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors and their respecting close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the CG code, our Company has established the Remuneration Committee to formulate remuneration policies. Directors and senior management members who receive remuneration from our Company are paid in forms of salaries, allowances, discretionary bonuses and other benefits in kind. The remuneration of our Directors and senior management members is determined with reference to their experience, duties and performance and the salaries of comparable companies. Details of the emoluments of the Directors and five highest paid individuals for the Reporting Period are set out in note 12 to the consolidated financial statements in this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of turnover and purchase for the Reporting Period attributable to the Group's five largest customers and suppliers is less than 30% of total turnover and purchase for the Reporting Period, respectively, and therefore no disclosures with regard to major customers and suppliers are made.

CONNECTED AND RELATED PARTY TRANSACTIONS

The Group had not entered into any connected transaction or continued connected transactions during the Reporting Period and up to the date of this annual report, which is required to be disclosed under Chapter 14A of the Listing Rules.

To the best knowledge of the Directors, save as disclosed under note 27 to the consolidated financial statements, there was no other related party transaction during the Reporting Period.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

As the Company had not yet listed on the Main Board of the Stock Exchange before the Listing Date, the requirements under the CG code or the continuing obligations of a listed issuer pursuant to the Listing Rules were not applicable to the Company before the Listing Date.

In the opinion of the Directors, save for the deviation from the code provision C.2.1 disclosed in the subsection headed "Chairman and Chief Executive Officer" in the Corporate Governance Report of this annual report, the Company has complied with all applicable code provisions set out in the CG Code throughout the period from the Listing Date up to the date of this annual report.

The corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 63 to 84 of this annual report.

RETIREMENT SCHEME

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund scheme of the Group ("**MPF Scheme**"). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The Group's contributions under the MPF Scheme are expensed as incurred and will not be reduced by contributions forfeited by those employees who leave the defined contribution plans prior to vesting fully in the contributions.

Particulars of the MPF scheme are set out in note 29 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Deloitte Touche Tohmatsu, who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM of the Company.

REPORT OF THE DIRECTORS

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On behalf of the Board
Wu Faat Chi
Chairman and Executive Director

Hong Kong, 23 June 2023

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the Shareholders of Yoho Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yoho Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 102 to 159, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Valuation of Inventories	
We identified valuation of inventories as a key audit matter due to the use of judgment and estimates by management in identifying slow-moving inventories and estimating the allowance for inventories. The Group makes allowance for inventories based on an assessment of the net realisable value of inventories after the consideration of the current market conditions, product life cycle, marketing and promotion plans, historical sales records, ageing analysis and subsequent sales of the inventories. As set out in note 17 to the consolidated financial statements, the Group had inventories of HK$75,140,000 (net of accumulated allowance of inventories of HK$1,555,000) as at 31 March 2023. During the year, the Group recognised allowance for inventories of HK$94,000.	Our procedures in relation to the valuation of inventories included: • Understanding and assessing the reasonableness of the Group's inventory provision policy; • Obtaining an understanding of the key controls of the Group in relation to identification of slow-moving inventories and preparation of ageing analysis of inventories for estimation of allowance for inventories; • Testing the ageing analysis of the inventories, on a sample basis, to the source documents; • Discussing with the management on their basis and judgment in the assessment of slow-moving inventories; and • Assessing the reasonableness, on a sample basis of the estimation of the net realisable value of inventories with reference to the recent selling prices of inventories.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Leung Po Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	6	**855,076**	790,054
Cost of goods sold		**(723,876)**	(667,306)
		131,200	122,748
Other income	7	**6,243**	28
Other gains and losses	8	**(2,139)**	(4,643)
Selling and distribution expenses		**(76,456)**	(68,018)
Administrative expenses		**(35,697)**	(23,493)
Listing expenses		**(12,483)**	(21,703)
Finance costs	9	**(872)**	(419)
Profit before taxation		**9,796**	4,500
Income tax expense	10	**(3,493)**	(4,725)
Profit (loss) and total comprehensive income (expense) for the year		**6,303**	(225)
Earnings (loss) per share –			
Basic (HK cents)	14	**1.31**	(0.05)
Diluted (HK cents)		**1.31**	(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**10,814**	5,807
Right-of-use assets	16	**26,880**	18,438
Deposits	19	**5,480**	4,309
		43,174	28,554
Current assets			
Inventories	17	**75,140**	66,282
Trade receivables	18	**7,016**	7,701
Other receivables, deposits and prepayments	19	**9,959**	11,494
Tax recoverable		**380**	–
Short term bank deposits with over 3 months maturity	20	**80,709**	–
Pledged bank deposits	20	**1,323**	–
Cash and cash equivalents	20	**129,234**	126,256
		303,761	211,733
Current liabilities			
Trade payables	21	**31,339**	38,094
Other payables and accruals	22	**7,582**	17,657
Contract liabilities	23	**12,971**	14,972
Convertible redeemable preferred shares	25	**–**	68,787
Income tax payable		**–**	1,487
Lease liabilities	24	**7,178**	7,584
		59,070	148,581
Net current assets		**244,691**	63,152
Total assets less current liabilities		**287,865**	91,706

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Other payable	22	–	90
Lease liabilities	24	22,835	12,721
Deferred tax liabilities	10	169	149
		23,004	12,960
Net assets		264,861	78,746
Capital and reserves			
Share capital	26	390	142
Reserves		264,471	78,604
Total equity		264,861	78,746

The consolidated financial statements on pages 102 to 159 were approved and authorised to issue by the board of directors on 23 June 2023 and are signed on its behalf by:

WU Faat Chi
DIRECTOR

TSUI Ka Wing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company				
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (note)	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2021	50,000	(599)	–	29,570	78,971
Loss and total comprehensive expense for the year	–	–	–	(225)	(225)
Transfer upon group reorganisation	(49,858)	599	49,259	–	–
At 31 March 2022	142	–	49,259	29,345	78,746
Profit and total comprehensive income for the year	–	–	–	6,303	6,303
Conversion of convertible redeemable preferred shares (note 25)	12	71,036	–	–	71,048
Capitalisation issue (note 26)	193	(193)	–	–	–
Issue of shares under the initial public offerings (the "**IPO**") (note 26)	43	115,457	–	–	115,500
Transaction costs attributable to the IPO	–	(8,725)	–	–	(8,725)
Equity-settled share-based payment (note 28)	–	–	1,989	–	1,989
As 31 March 2023	390	177,575	51,248	35,648	264,861

Note: Other reserve represents the difference between the amount is share capital and share premium of the Company issued, and the combined share capital of certain subsidiary of the Group in connection with the Group reorganisation carried our prior to the IPO of the Company and also the shareholder's contribution in the share based payment expenses.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	9,796	4,500
Adjustments for:		
Finance costs	872	419
Bank interest income	(3,999)	(28)
Depreciation of property, plant and equipment	2,967	1,526
Depreciation of right-of-use assets	9,151	7,349
Provision of impairment loss on inventories, net of reversal	94	640
Fair value change in convertible redeemable preferred shares	2,261	4,684
Convertible redeemable preferred shares issue cost	–	400
Equity-settled share-based payment	1,989	–
Gain on early termination on lease	–	(8)
Operating cash flows before movements in working capital	23,131	19,482
Decrease (increase) in trade receivables	685	(1,726)
Increase in other receivables, deposits and prepayments	(2,168)	(2,008)
(Increase) decrease in inventories	(8,952)	24
(Decrease) increase in trade payables	(6,755)	10,850
(Decrease) increase in other payables and accruals	(9,363)	11,914
(Decrease) increase in contract liabilities	(2,001)	6,315
Cash (used in) generated from operations	(5,423)	44,851
Income taxes paid	(5,340)	(5,252)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(10,763)	39,599
INVESTING ACTIVITIES		
Placement of short term bank deposits	(381,359)	–
Purchase of property, plant and equipment	(7,974)	(4,577)
Placement of pledged bank deposits	(1,323)	–
Withdrawal of short term bank deposits	300,650	–
Interest received	3,999	28
NET CASH USED IN INVESTING ACTIVITIES	(86,007)	(4,549)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
FINANCING ACTIVITIES		
Proceeds from the IPO	115,500	–
Repayments of leases liabilities and related finance cost	(8,607)	(6,986)
Share issue costs paid	(7,145)	(1,580)
Convertible redeemable preferred shares issue cost paid	–	(400)
Proceeds from issue of convertible redeemable preferred shares	–	64,103
Repayment to a director	–	(8,971)
Advance from a director	–	7,479
NET CASH FROM FINANCING ACTIVITIES	99,748	53,645
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,978	88,695
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	126,256	37,561
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	129,234	126,256
Represented by:		
Bank balances and cash	129,234	126,256

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and the operating subsidiaries, as disclosed in note 34, 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. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Reorganisation detailed in the note 2 to the consolidated financial statements of the Group in the 2021/2022 Annual Report of the Company, the Company has become the holding company of the companies now comprising the Group on 21 May 2021. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

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**").

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2022 include the results, changes in equity and cash flows of the companies now comprising the Group, as if the Company had always been the holding company of the Group and the current group structure has been in existence throughout the year ended 31 March 2022, or since their respective dates of the incorporation or establishment, where there is a shorter period.

The shares of the Company have been listed on the Stock Exchange with effect from 10 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the 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.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2024

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 consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. APPLICATION OF AMENDMENTS TO HKFRSs (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

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.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

In addition, the consolidated financial statements includes the applicable disclosures required by the Rules Governing the Listing of Securities on Listing Rule and by the Hong Kong Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period (as explained in the accounting policies below) and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

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

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

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

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

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under the Group's customer loyalty programme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

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

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as lessee

Right-of-use assets

The cost of right-of-use asset includes:

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

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

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

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

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to other terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as lessee (Continued)

Covid-19-related rent concessions (Continued)

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

Foreign currencies

In preparing the financial statements of the each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Borrowing costs

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

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

Government grants

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

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (“**MPF Scheme**”) are charged as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business combinations" applies.

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

The Group always assesses lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments;
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

The Group has designated convertible redeemable preferred shares as financial liabilities at FTVPL. The fair value change of financial liabilities at FVTPL recognised in profit or loss is included in the "other gains and losses" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

Derivative financial instrument

Derivative is initially recognised at fair value at the date when derivative contract is entered into and is subsequently remeasured to its fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated allowance for inventories

The identification of aged inventories requires the use of judgment and estimates on the conditions and marketability of the inventories. The Group makes allowance for inventories based on an assessment of the net realisable value of inventories after the consideration of the current market conditions, products life cycle, marketing and promotion plans, historical sales records, ageing analysis and subsequent sales of the inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The carrying amount of inventories is HK$75,140,000 (2022: HK$66,282,000) (net of allowance of HK$1,555,000 (2022: HK$1,461,000)) as at 31 March 2023.

6. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	2023 HK$'000	2022 HK$'000
Direct merchant sales		
– Major appliances	139,998	120,135
– Kitchen appliances	93,587	84,644
– Mobile	85,128	63,989
– Digital entertainment	104,602	129,807
– Home appliances	160,490	140,149
– Beauty & personal care	115,980	115,372
– Computer	108,367	81,302
– Others	43,590	51,858
Revenue from direct merchandise sales	851,742	787,256
Provision of advertising services	3,252	2,798
Revenue from concessionaire sales	82	–
Total	855,076	790,054
Geographical markets:		
– Hong Kong	822,194	772,923
– The People's Republic of China (other than Hong Kong)	28,225	9,841
– Others	4,657	7,290
	855,076	790,054
Timing of revenue recognition:		
– A point in time	851,824	787,256
– Over time	3,252	2,798
	855,076	790,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 set out in note 4. 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.

7. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Bank interest income	**3,999**	28
Government grants (Note)	**2,244**	–
	6,243	28

Note: During the year ended 31 March 2023, the Group recognised government grants of HK$2,244,000, in respect of the Employment Support Scheme launched by the Hong Kong government.

8. OTHER GAINS AND LOSSES

	2023 HK$'000	2022 HK$'000
Fair value change in convertible redeemable preferred shares	**(2,261)**	(4,684)
Net foreign exchange gain	**122**	41
	(2,139)	(4,643)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

9. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**872**	419

10. INCOME TAX EXPENSE/DEFERRED TAX LIABILITIES

Income tax expense

	2023 HK$'000	2022 HK$'000
Current tax:		
– Hong Kong Profits Tax	**3,401**	4,735
Under(over) provision in prior years		
– Hong Kong Profits Tax	**72**	(62)
Deferred tax charge	**20**	52
	3,493	4,725

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$6,000 (2022: HK$10,000) for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. INCOME TAX EXPENSE/DEFERRED TAX LIABILITIES (CONTINUED)

Income tax expense (Continued)

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

	2023 HK$'000	2022 HK$'000
Profit before taxation	9,796	4,500
Tax charge at the Hong Kong Profits Tax rate of 16.5%	1,616	743
Tax effect of expenses not deductible for tax purpose	3,710	4,687
Tax effect of income not taxable for tax purpose	(1,728)	(458)
Under(over) provision in prior years	72	(62)
Tax concession	(12)	(20)
Tax effect on two-tiered tax rate	(165)	(165)
Income tax expense for the year	3,493	4,725

Deferred tax liabilities

The following is the deferred tax liabilities recognised and movements thereon during the current and prior years.

	Accelerated tax allowance HK$'000
At 1 April 2021	97
Charge to profit or loss	52
At 31 March 2022	149
Charge to profit or loss	20
At 31 March 2023	169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. PROFIT (LOSS) FOR THE YEAR

	2023 HK$'000	2022 HK$'000
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration		
– Audit service in respect of annual audit	1,455	250
– Non-audit services	707	20
– Listing related services*	1,999	4,950
	4,161	5,220
Directors' remuneration (Note 12)	2,798	1,262
Other staff costs (excluding the directors' remuneration)		
– Salaries, allowances and other benefits	32,579	27,796
– Share-based payment expenses	1,989	–
– Retirement benefits schemes contributions	1,350	1,199
Total staff costs	38,716	30,257
Depreciation of property, plant and equipment	2,967	1,526
Depreciation of right-of-use assets	9,151	7,349
Cost of inventories recognised as an expense (including allowance for provision of impairment loss on inventories of HK$94,000 (2022: HK$640,000), net of reversal)	723,876	667,306

* Included in the listing expenses

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and the chief executive officer's emoluments

Mr. Wu, who is also the chief executive officer, was appointed as the director of the Company on 13 April 2021 and re-designated as the executive director and appointed as the chairman of the board of directors of the Company on 11 June 2021. Ms. Tsui and Mr. Man Lap ("**Mr. Man**") were appointed as the directors of the Company on 20 May 2021 and re-designated as the executive director and non-executive director of the Company on 11 June 2021, respectively.

Mr. Hsieh Wing Hong Sammy ("**Mr. Hsieh**") and Mr. Adamczyk Alexis Thomas David ("**Mr. Adamczyk**") were appointed as the non-executive directors of the Company on 11 June 2021.

Dr. Qian Sam Zhongshan ("**Dr. Qian**"), Mr. Chan Shun ("**Mr. Chan**") and Mr. Ho Yun Tat ("**Mr. Ho**") were appointed as the independent non-executive directors of the Company on 13 May 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(a) Directors' and the chief executive officer's emoluments (Continued)

The emoluments paid or payable to the directors of the Company (including emoluments for services as directors/employees of the group entities prior to becoming directors of the Company) by the Group are as follows:

For the year ended 31 March 2023

Executive directors:	**Mr. Wu HK$'000**	**Ms. Tsui HK$'000**	**Total HK$'000**
Fee	121	121	242
Salaries allowances and other benefits	880	878	1,758
Retirement benefits scheme contributions	18	18	36
	1,019	1,017	2,036

Non-executive directors:	**Mr. Man HK$'000**	**Mr. Hsieh HK$'000**	**Mr. Adamczyk HK$'000**	**Total HK$'000**
Fee	121	121	121	363
Salaries allowances and other benefits	–	–	–	–
Retirement benefits scheme contributions	6	6	6	18
	127	127	127	381

Independent Non-executive directors:	**Mr. Chan HK$'000**	**Mr. Ho HK$'000**	**Mr. Qian HK$'000**	**Total HK$'000**
Fee	121	121	121	363
Salaries allowances and other benefits	–	–	–	–
Retirement benefits scheme contributions	6	6	6	18
	127	127	127	381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(a) Directors' and the chief executive officer's emoluments (Continued)

For the year ended 31 March 2022

Executive directors:	Mr. Wu HK$'000	Ms. Tsui HK$'000	Mr. Man HK$'000	Total HK$'000
Fee	–	–	–	–
Salaries allowances and other benefits	629	597	–	1,226
Retirement benefits scheme contributions	18	18	–	36
	647	615	–	1,262

Non-executive directors:	Mr. Man HK$'000	Mr. Hsieh HK$'000	Mr. Adamczyk HK$'000	Total HK$'000
Fee	–	–	–	–
Salaries allowances and other benefits	–	–	–	–
Retirement benefits scheme contributions	–	–	–	–
	–	–	–	–

The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

None of the directors nor chief executive waived or agreed to waive any emoluments during in any of the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(b) Five highest paid employees

The five highest paid individuals during the year included two directors (2022: two), whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three (2022: three) individuals respectively, are as follows:

	2023 HK$'000	2022 HK$'000
Salaries allowances and other benefits	1,570	2,329
Discretionary bonus (Note)	106	676
Equity-settled share-based expense	1,276	–
Retirement benefits scheme contributions	53	51
	3,005	3,056

Note: The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The emoluments of the highest paid employees who are not directors of the Company were within the following bands:

	2023 number of employees	2022 number of employees
Nil to HK$1,000,000	1	2
HK$1,000,001 to HK$1,500,000	2	1

No emoluments were paid by the Group to any of the directors of the Company or the chief executive officer of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2023 of HK$0.024 (2022: Nil) per ordinary share, in an aggregate amount of HK$12,000,000 (2022: Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS (LOSS) PER SHARE

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

	2023 **HK$'000**	2022 HK$'000
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share: (profit (loss) for the year attributable to owners of the Company)	**6,303**	(225)
Number of Shares:		
Weighted average number of shares for the purpose of basic and diluted earnings (loss) per share	**482,947,893**	411,085,443

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined on the assumption that the capitalisation issue as set out in note 26 had been effective on 1 April 2021.

During the year ended 31 March 2023, the Company had two category 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.

During the year ended 31 March 2022, the Company had one category of potential ordinary shares – convertible redeemable preferred shares (as detailed in note 25). These potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office furniture and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST				
At 1 April 2021	2,792	339	877	4,008
Additions	2,029	979	1,569	4,577
At 31 March 2022	4,821	1,318	2,446	8,585
Additions	5,214	2,088	672	7,974
At 31 March 2023	**10,035**	**3,406**	**3,118**	**16,559**
DEPRECIATION				
At 1 April 2021	716	171	365	1,252
Provided for the year	875	225	426	1,526
At 31 March 2022	1,591	396	791	2,778
Provided for the year	1,992	449	526	2,967
At 31 March 2023	**3,583**	**845**	**1,317**	**5,745**
CARRYING VALUES				
At 31 March 2023	**6,452**	**2,561**	**1,801**	**10,814**
At 31 March 2022	3,230	922	1,655	5,807

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

Leasehold improvements	Over the shorter of lease terms of the leased properties or 5 years
Office furniture and equipment	20%
Computer equipment	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. RIGHT-OF-USE ASSETS

	Office premises HK$'000	Warehouses HK$'000	Retail stores HK$'000	Total HK$'000
As at 31 March 2023				
Carrying amount	**1,280**	**1,233**	**24,367**	**26,880**
As at 31 March 2022				
Carrying amount	2,986	3,315	12,137	18,438
For the year ended 31 March 2023				
Depreciation charge	**1,706**	**2,362**	**5,083**	**9,151**
For the year ended 31 March 2022				
Depreciation charge	1,574	2,211	3,564	7,349

	2023 HK$'000	2022 HK$'000
Total cash outflow for leases	**8,607**	6,986
Addition to right-of-use assets	**17,593**	9,472

The Group leases office premises, warehouses and retail stores for both years. Lease contracts are entered into for fixed term of 1 to 5 years (2022: 2 to 5 years), without any extension nor termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 March 2023, the Group entered into new lease agreement for the use of warehouses and retail stores for 1 to 5 years (2022: 3 to 5 years). On the lease commencement, the Group recognised HK$17,593,000 (2022: HK$9,472,000) of right-of-use assets and HK$17,443,000 (2022: HK$9,252,000) as the lease liabilities.

Restrictions or covenants on leases

In addition, lease liabilities of HK$30,013,000 (2022: HK$20,305,000) are recognised with related right-of-use assets of HK$26,880,000 (2022: HK$18,438,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. RIGHT-OF-USE ASSETS (CONTINUED)

Rent concessions

During the year ended 31 March 2022, lessors of the relevant retail store provided rent concessions that occurred as a direct consequence of the Covid-19 pandemic to the Group through rent reductions of 75% for one month.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$124,000 were recognised as negative variable lease payments.

17. INVENTORIES

	2023 HK$'000	2022 HK$'000
Consumer electronics and home appliances and lifestyle products	**75,140**	66,282

18. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**7,016**	7,701

As at 1 April 2021, trade receivables from contracts with customers amounted to HK$5,975,000.

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:

	2023 HK$'000	2022 HK$'000
Within 30 days	**5,709**	6,688
31 to 60 days	**623**	402
61 to 90 days	**348**	419
Over 90 days	**336**	192
	7,016	7,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. TRADE RECEIVABLES (CONTINUED)

The Group applies simplified approach to provide for ECL of trade receivables prescribed by HKFRS 9. Details of impairment assessment of trade receivables are set out in note 31.

As at 31 March 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,348,000 (2022: HK$2,022,000), which are past due as at the reporting date. Out of the past due balances as at 31 March 2023, HK$98,000 (2022: HK$192,000) has been past due 90 days or more and is not considered as in default since the management of the Group are of the opinion that the balances are still considered recoverable due to historical experience. The Group does not hold any collateral over these balances.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 **HK$'000**	2022 HK$'000
Rental and utilities deposits	**4,960**	2,543
Prepayments and deposits to suppliers	**3,272**	4,431
Prepaid issue costs	**–**	488
Deferred issue costs	**–**	2,532
Deposit paid for acquisition of property, plant and equipment	**5**	1,153
Other receivables, deposits and prepayments	**7,202**	4,656
Total	**15,439**	15,803
Presented as non-current assets	**5,480**	4,309
Presented as current assets	**9,959**	11,494
Total	**15,439**	15,803

Included in other receivables were amounts of HK$1,587,000 (2022: HK$1,282,000) represented amounts received from customers in advance by payment gateway companies, for which control of the relevant goods has not been transferred.

Details of impairment assessment of other receivables and deposits are set out in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

20. CASH AND CASH EQUIVALENT/PLEDGED BANK DEPOSITS/SHORT TERM BANK DEPOSITS WITH OVER 3 MONTHS MATURITY

Cash and cash equivalents

Cash and cash equivalents include short term deposits with less than 3 months maturity for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.10% to 4.85% (2022: 0.01%).

Pledged bank deposits

Pledged bank deposits carry fixed interest rate from 0.64% to 3.36% (2022: Nil) and represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$1,323,000 (2022: nil) have been pledged to secure bank guarantee for a subsidiary of the Group.

Short term bank deposits with over 3 months maturity

Short term bank deposits represents short term deposits with more than 3 months but less than 1 year maturity carries interest at market rates range from 4.44% to 4.85% (2022: Nil).

Details of impairment assessment of these bank balances are set out in note 31.

21. 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:

	2023 HK$'000	2022 HK$'000
Within 30 days	**25,241**	31,935
31 to 60 days	**3,102**	2,681
61 to 90 days	**253**	1,193
Over 90 days	**2,743**	2,285
	31,339	38,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Other payables and accruals	**4,754**	6,585
Salaries payables	**2,828**	2,464
Accrued listing expenses	**–**	7,746
Accrued issue costs	**–**	952
Total	**7,582**	17,747
Presented as current liabilities	**7,582**	17,657
Presented as non-current liabilities	**–**	90
Total	**7,582**	17,747

23. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Advances received from direct merchandise sales	**9,755**	11,950
Customer loyalty programme	**3,216**	3,022
	12,971	14,972

As at 1 April 2021, the contract liabilities amounted to HK$8,657,000.

For the contract liabilities as at 1 April 2021, 31 March 2022, the entire balances were recognised as revenue during the years ended 31 March 2022 and 2023, respectively.

Advances received from direct merchandise sales

Contract liabilities in relation to the sales of products represent the advance payments received from customers upon ordering and before delivery, until the goods are delivered and revenue are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

23. CONTRACT LIABILITIES (CONTINUED)

Customer loyalty programme

The Group offers customer loyalty programme in the Group's operation. The customers can earn one award-point for every HK$1 purchase from the Group. The customers can enjoy discount in future purchase by utilising the award points earned under the customer loyalty programme (every 200 award-points can be used as HK$1). All award points can be accumulated and will be expired in the following year since the last purchase. Contract liabilities in relation to customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period.

The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points are redeemed.

24. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable		
Within one year	**7,178**	7,584
More than one year, but not more than two years	**6,260**	6,059
More than two years, but not more than five years	**15,162**	6,662
More than five years	**1,413**	–
	30,013	20,305
Less: Amount due for settlement with 12 months shown under current liabilities	**(7,178)**	(7,584)
Amount due for settlement after 12 months shown under non-current liabilities	**22,835**	12,721

The weighted average incremental borrowing rates applied to lease liabilities is 3.96% (2022: 1.84%) as at 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

25. CONVERTIBLE REDEEMABLE PREFERRED SHARES

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

	HK$'000
At 1 April 2021	–
Issued during the year	64,103
Fair value change	4,684
At 31 March 2022	68,787
Fair value change	**2,261**
Converted into ordinary shares during the year	**(71,048)**
At 31 March 2023	**–**

Following the successful listing of the shares of the Company on the Main Board of the Stock Exchange on 10 June 2022, all of the convertible redeemable preferred shares were converted into 15,031,101 ordinary shares of the Company.

The convertible redeemable preferred shares issued by the Company were measured at fair value at 21 May 2021, 31 March 2022 and 10 June 2022 by D&P China (HK) Limited, an independent qualified professional valuer engaged by the Company with the registered address as 3/F, Three Pacific Place 1, Queen's Road East, Hong Kong based on Black-Scholes Option Pricing Model ("Black-Scholes").

26. SHARE CAPITAL

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 and 2023	**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

26. SHARE CAPITAL (CONTINUED)

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 13 April 2021 (date of incorporation)	1	–	–	–
Issuance of ordinary shares to The Mearas Venture (Note a)	74,459,999	–	7	58
Issuance of ordinary shares to The Wings Venture (Note a)	71,540,000	–	7	56
Issuance of Series A Preferred Shares (Note a)	–	36,195,122	4	28
At 31 March 2022	146,000,000	36,195,122	18	142
Conversion of series A Preferred Shares (Note b)	**36,195,122**	**(36,195,122)**	**–**	**–**
Conversion of convertible redeemable preferred shares (Note b)	**15,031,101**	**–**	**2**	**12**
Capitalisation issue (Note b)	**247,773,777**	**–**	**24**	**193**
Issuance of shares under the IPO (Note b)	**55,000,000**	**–**	**6**	**43**
At 31 March 2023	**500,000,000**	**–**	**50**	**390**

Notes:

(a) 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. On 21 May 2021, Mr. Wu Faat Chi, Ms. Tsui Ka Wing and Biz Cloud Investments Limited ("**Beyond Ventures Vehicle**") transferred their respective shares in Yoho Holdings (BVI) Limited ("**Yoho BVI**") to the Company, which was settled by way of allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares and a total of 36,195,122 series A preferred shares of the Company to The Mearas Venture Limited, The Wings Venture Limited and Beyond Ventures Vehicle by the Company. Upon the completion of the aforesaid transfer, Yoho BVI has become a wholly owned subsidiary of the Company.

(b) On the Listing Date, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

27. RELATED PARTY DISCLOSURES

	2023 HK$'000	2022 HK$'000
Sales to Mr. Wu	–	26
Sales to Ms. Tsui	–	11
	–	37

Save as disclosed above and the transactions and balances as disclosed in note 12, the Group did not have any other related party transactions for both years.

Compensation of key management personnel

The remuneration of key management was as follows:

	2023 HK$'000	2022 HK$'000
Short term benefits	3,788	3,534
Post-employment benefits	60	69
	3,848	3,603

28. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 20 May 2022 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of the Scheme is disclosed in Report of the Directors in this annual report. No share option has been granted since the adoption of the Scheme.

On 19 January 2023, a director of the Company signed an agreement with certain employees of the Company, which Ms. Tsui agreed to sell approximately 2,134,000 shares and approximately 470,000 shares (the "**Target shares**") of the Company to these employees at the price of approximately HK$0.11 and approximately HK$0.16 per share, respectively, with total consideration of approximately HK$302,000. There is no vesting conditions for the sales of the Target shares. The fair value of the Target shares is measured at the market price at the grant day which was the closing stock price of the Company at the same day, equalling HK$0.88 per share. On 20 January 2023, the transfer of the shares was completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

29. RETIREMENT BENEFIT SCHEMES

The Group participates in the MPF Scheme for all its qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes monthly the lower of HK$1,500 or 5% of relevant payroll costs per person to the MPF Scheme, which contribution is matched by the employees.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the year, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the scheme by the Group at rates specified in the rules of the scheme. The retirement benefits scheme contributions made by the Group amounted to HK$1,422,000 (2022: HK$1,235,000) for the year ended 31 March 2023.

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("**LSP**") to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) × 2/3 × Years of service. Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof (collectively, the "**Eligible Offset Amount**"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement'). The LSP obligation, if any, is presented on a net basis.

The Employment & Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment will come into effect prospectively from a date to be determined by the Hong Kong SAR Government, which is expected to be in 2025 (the "**Transition Date**"). Under the amended Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes lease liabilities disclosed in note 24 (2022: convertible redeemable preferred shares and lease liabilities disclosed in notes 25 and 24, respectively), respectively, net of short term bank deposits, pledged bank deposits and cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of the review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through issue of new shares, issue of new debt and redemption of existing debts.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
Amortised cost	230,124	141,018
Financial liabilities		
Amortised cost	35,513	44,679
Financial liabilities at FVTPL	–	68,787

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, bank balances, short-term bank deposits, pledged bank deposits, trade payables, other payables, convertible redeemable preferred shares and lease liabilities.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has foreign currency purchases of inventories, which expose the Group to foreign currency risk. Approximately 5.6% (2022: 6.9%) of the Group's purchase of inventories are denominated in currencies other than the functional currency of the group entities during the year ended 31 March 2023.

The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Currency risk (Continued)

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

	2023 HK$'000	2022 HK$'000
Assets		
Japanese Yen ("**JPY**")	24	28
United States Dollar ("**USD**")	10	6
Liabilities		
JPY	167	12
USD	161	290

Sensitivity analysis

In the opinion of the management, no sensitivity analysis is provided as the management of the Group considers that the impact on exchange rate fluctuation is minimal.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate lease liabilities for both years. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances for both years.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the Hong Kong deposit rate arising from the Group's bank balances.

The Group currently does not have interest rate risk hedging policy. However, management of the Group closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of each reporting period does not reflect the exposure during the year.

No sensitivity analysis is provided on bank balances as the Group's management considers that the interest rate fluctuation on bank balances is minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables and deposits, short term bank deposits, pledged bank deposits and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimise the credit risk on trade receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable.

The Group applies simplified approach and always recognises lifetime ECL for trade receivables. To measure the ECL, the Group performs impairment assessment under the ECL model on trade receivables individually.

The Group applied internal credit rating for its individually assessed debtors, by reference to the debtor's background, past default experience and current past due exposure of the debtor. As at 31 March 2023 and 2022, the Group assessed that the ECL for trade receivables was insignificant.

The Group's concentration of credit risk on the top five largest debtors accounted for 69% (2022: 20%) of the total trade receivables as at 31 March 2023.

Other receivables and deposits

The management of the Group make periodic individual assessment on the recoverability of significant balances based on historical settlement records (if any), past experience, and also available reasonable and supportive forward-looking information. The management of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits due to the major outstanding balances are short term in nature. As at 31 March 2023 and 2022, the Group assessed that the ECL for other receivables and deposits was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances/Short term bank deposits/Pledged bank deposits

The credit risk for bank balances, short term bank deposits and pledged bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no history of default in relation to these banks.

The Group performs impairment assessment on the bank balances under 12-month ECL model. The management of the Group considers the risk of default is regard as low based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As at 31 March 2023 and 2022, the Group assessed that the ECL for bank balances were insignificant.

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts As at 31 March 2023 HK$'000	2022 HK$'000
The Group						
Amortised cost						
Trade receivables	18	N/A	Low risk	Lifetime ECL	**4,871**	6,306
			Watch list	Lifetime ECL	**2,145**	1,395
Other receivables and deposits	19	N/A	Low risk	12-month ECL	**11,842**	7,061
Short term bank deposits	20	A3 – Aa3	N/A	12-month ECL	**80,709**	–
Pledged bank deposits	20	Aa2	N/A	12-month ECL	**1,323**	–
Bank balances	20	A2 – Aa2	N/A	12-month ECL	**129,050**	126,094

Liquidity risk

In management of the liquidity risk, the Group monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	Repayable on demand HK$'000	Less than 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2023							
Non-derivative financial liabilities							
Trade payables	N/A	–	31,339	–	–	31,339	31,339
Other payables	N/A	–	4,174	–	–	4,174	4,174
		–	35,513	–	–	35,513	35,513
Lease liabilities	3.96	–	1,836	6,415	24,277	32,528	30,013
As at 31 March 2022							
Non-derivative financial liabilities							
Trade payables	N/A	–	38,094	–	–	38,094	38,094
Other payables	N/A	–	6,585	–	–	6,585	6,585
		–	44,679	–	–	44,679	44,679
Lease liabilities	1.84	–	2,035	6,364	13,014	21,413	20,305
Derivative financial liabilities							
Convertible redeemable preferred shares	5	–	72,157	–	–	72,157	68,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	Fair value As at 31 March		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2023 HK$'000	2022 HK$'000			
Convertible redeemable preferred shares	–	68,787	Level 3	Black-Scholes and discounted cash flow method	Expected volatility of 55% (Note a) Discount rate of 16% (Note b)

Notes:

(a) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the convertible redeemable preferred shares, and vice versa. As at 31 March 2022, a 5% increase/decrease in the expected volatility holding all other variables constant would increase/decrease the carrying amount of the convertible redeemable preferred shares by HK$103,000.

(b) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the convertible redeemable preferred shares, and vice versa. As at 31 March 2022, a 5% increase in the discount rate holding all other variables constant would decrease the carrying amount of the convertible redeemable preferred shares by HK$4,191,000, while a 5% decrease in the discount rate holding all other variables constant would increase the carrying amount of the convertible redeemable preferred shares by HK$4,802,000.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. RECONCILIATION OF GROUP'S LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Non-trade amount due to a director HK$'000	Lease liabilities HK$'000	Convertible redeemable preferred shares HK$'000	Accrued issue costs HK$'000	Total HK$'000
As at 1 April 2021	1,492	18,105	–	–	19,597
Financing cash flows (Note)	(1,492)	(6,986)	63,703	(1,580)	53,645
Finance costs	–	419	–	–	419
Commencement of new leases	–	9,252	–	–	9,252
Transaction cost attributable to issue of convertible redeemable preferred shares	–	–	400	–	400
Fair value change in convertible redeemable preferred shares	–	–	4,684	–	4,684
Share issue costs accrued	–	–	–	2,532	2,532
Early termination on lease	–	(485)	–	–	(485)
At 31 March 2022	**–**	**20,305**	**68,787**	**952**	**90,044**
Financing cash flows (Note)	**–**	**(8,607)**	**–**	**(7,145)**	**(15,752)**
Finance costs	**–**	**872**	**–**	**–**	**872**
Commencement of new leases	**–**	**17,443**	**–**	**–**	**17,443**
Fair value change in convertible redeemable preferred shares	**–**	**–**	**2,261**	**–**	**2,261**
Conversion of convertible redeemable preferred shares	**–**	**–**	**(71,048)**	**–**	**(71,048)**
Share issue costs accrued	**–**	**–**	**–**	**6,193**	**6,193**
At 31 March 2023	**–**	**30,013**	**–**	**–**	**30,013**

Note: The financing cash flows represented the proceeds from the IPO and the issue of convertible redeemable preferred shares, issue costs paid for the share issuance convertible redeemable preferred shares, the repayments of lease liabilities and related finance cost and advance from/repayment to a director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2023 HK$'000	2022 HK$'000
Non-current assets		
Investment in a subsidiary	75,955	75,955
Amount due from a subsidiary	58,302	–
	134,257	75,955
Current assets		
Prepayments	515	3,020
Amount due from a subsidiary	44,977	47,677
Short term bank deposits	44,724	–
Cash and cash equivalents	45,392	–
	135,608	50,697
Current liabilities		
Accrued expenses	1,119	8,698
Convertible redeemable preferred shares	–	68,787
	1,119	77,485
Net current assets (liabilities)	134,489	(26,788)
Net assets	268,746	49,167
Capital and reserves		
Share capital	390	142
Reserves	268,356	49,025
	268,746	49,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Reserves

	Share premium HK$'000	Other reserve HK$'000	(Accumulated loss) retained profits HK$'000	Total HK$'000
At 13 April 2021 (date of incorporation)	–	–	–	–
Loss and total comprehensive expense for the period	–	–	(26,788)	(26,788)
Transfer upon reorganisation	–	75,813	–	75,813
At 31 March 2022	–	75,813	(26,788)	49,025
Profit and total comprehensive income for the year	**–**	**–**	**39,767**	**39,767**
Conversion of convertible redeemable preferred shares (note 25)	**71,036**	**–**	**–**	**71,036**
Capitalisation issue (note 26)	**(193)**	**–**	**–**	**(193)**
Issue of shares under the IPO	**115,457**	**–**	**–**	**115,457**
Transaction costs attributable to the IPO	**(8,725)**	**–**	**–**	**(8,725)**
Equity-settled share-based payment	**–**	**1,989**	**–**	**1,989**
At 31 March 2023	**177,575**	**77,802**	**12,979**	**268,356**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

34. INVESTMENT IN A SUBSIDIARY AND PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Place and Date of incorporation	Principal place of operation	Issued and fully paid share capital/registered capital	Equity interest attributable to the Group as at 31 March 2023 %	2022 %	Principal activities
Directly held:						
Yoho Holdings (BVI) Limited	BVI 17 March 2021	Hong Kong	146,000,000	100	100	Investment holding
Indirectly held:						
Yoho E-Commerce Holdings Limited	Hong Kong 3 October 2018	Hong Kong	182,195,122	100	100	Investment holding
Yoho Hong Kong Limited	Hong Kong 20 February 2014	Hong Kong	10,000	100	100	Provision of both online and offline Hong Kong e-commerce retail services
Globiz Company (Hong Kong) Limited	Hong Kong 6 August 2008	Hong Kong	10,000	100	100	Offline wholesale and trading of consumer electronics and home appliances

None of the subsidiaries had issued any debt securities at 31 March 2023 and 2022.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 March				
	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Revenue	855,076	790,054	523,029	259,953	135,422
Profit before income tax	9,796	4,500	33,737	21,606	14,616
Income tax expense	(3,493)	(4,725)	(5,004)	(3,282)	(2,344)
Profit (loss) for the year	6,303	(225)	28,733	18,324	12,272

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Assets					
Total non-current assets	43,174	28,554	21,949	15,090	3,693
Total current assets	303,761	211,733	120,308	89,598	33,222
Total assets	346,935	240,287	142,257	104,688	36,915
Liabilities					
Total current liabilities	59,070	148,581	50,478	24,454	10,618
Total non-current liabilities	23,004	12,960	12,808	9,841	705
Total liabilities	82,074	161,541	63,286	34,295	11,323
Net assets	264,861	78,746	78,971	70,393	25,592
Equity	264,861	78,746	78,971	70,393	25,592