MI MING MART HOLDINGS LIMITED
彌明生活百貨控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8473

擇善美麗

2017/18
ANNUAL REPORT

Philosophy


MI MING MART
彌 明 生 活 百 貨
Cruelty
-free
beauty
Say no to
animal
testing
NOT TESTED
ON ANIMALS
crueltyfree

Insistence

No animal testing

Commitment to human safety

No harmful chemical ingredients

Premium source of ingredients

Natural and organic

Quality assurance

Opening of Quarry Bay Store

Opening of Tuen Mun Store

Opening of Tseung Kwan O Store

Brand New Look of Yuen Long Store

Eighth-anniversary Celebration

Large-scale Advertisement

Social Media Video Marketing

Snow Fox – Exclusive Brand

PLABEAU – Exclusive Brand

Brand Activity of PLABEAU

Brand Activity of PLABEAU

Global Exclusive Product

Grand Occasion of Listing

Grand Occasion of Listing

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Ms. Chan Sze Lai Celine
Ms. Shum Wai Sze
Ms. Tsang Wing Yee

BOARD COMMITTEES

Audit Committee

Ms. Tsang Wing Yee *(Chairlady)*
Ms. Chan Sze Lai Celine
Ms. Shum Wai Sze

Remuneration Committee

Ms. Chan Sze Lai Celine *(Chairlady)*
Ms. Yuen Mi Ming Erica
Ms. Shum Wai Sze

Nomination Committee

Ms. Yuen Mi Ming Erica *(Chairlady)*
Ms. Chan Sze Lai Celine
Ms. Shum Wai Sze

AUTHORISED REPRESENTATIVES

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

COMPLIANCE OFFICER

Ms. Yuen Mimi Mi Wahng

COMPANY SECRETARY

Mr. Mak Yau Kwan

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1622, 16th Floor
Leighton Centre
77 Leighton Road, Causeway Bay
Hong Kong

AUDITOR

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

COMPLIANCE ADVISER

Kingston Corporate Finance Limited
Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

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

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

STOCK CODE

8473

COMPANY'S WEBSITE

www.mimingmart.com

CHAIRMAN'S STATEMENT

To all shareholders,

On behalf of the board of Directors (the "Board") of Mi Ming Mart Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am delighted to present the annual results of the Group for the year ended 31 March 2018 to the shareholders of the Company (the "Shareholders").

The Group is a multi-brand retailer, which operates nine retail stores under the brand of "mi ming mart" ("袁彌明生活百貨" or "彌明生活百貨") in Hong Kong. We offer a wide range of beauty and health products, which can mainly be categorised into (i) skincare products; (ii) cosmetic products; and (iii) food and health supplements.

2018 was a significant milestone to our Group. On 12 February 2018, our Company has been successfully listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"). The successful listing not only raised additional capital for our future development but also further enhanced our reputation in the market.

REVIEW

The Group has experienced a steady revenue growth of approximately 19.3% as compared between the revenue in the two years ended 31 March 2018 and 2017. Such increase was primarily due to the increase in the number of retail stores and the increase in the sale of skincare products during the year ended 31 March 2018 as compared to the previous year.

Although the Group's profit attributable to owners of the Company decreased by approximately HK$3.6 million or 37.1% from approximately HK$9.6 million for the year ended 31 March 2017 to approximately HK$6.0 million for the year ended 31 March 2018, the decrease was mainly due to the listing expenses and other non-recurring expense of approximately HK$12.0 million incurred during the year ended 31 March 2018. Excluding such non-recurring expenses, the Group's profits attributable to owners of the Company would be approximately HK$18.0 million for this year.

PROSPECTS

Looking forward to the coming year, we aim to expand our business to maintain and strengthen our market position by pursuing the following strategies:

- Expand our retail network by opening more retail stores and refurbishing our existing retail stores
- Expand our product portfolio and explore new suppliers
- Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media
- Acquire a warehouse
- Conduct system improvement and integration

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would also like to take this opportunity to express my sincere gratitude to our Shareholders, customers and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group. The Group remains positive about the prospects of the skincare and cosmetics multi-brand retail industry. With our experienced management team and valuable project experience, we are convinced that we can expand our operation scale and maximize returns to our Shareholders.

Yuen Mi Ming Erica
Chairlady, executive Director and chief executive officer
Hong Kong

22 June 2018

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018, audited operating results of the Group were as follows:

– the Group recorded a revenue of approximately HK$123.4 million for the year ended 31 March 2018 (2017: HK$103.4 million), representing an increase of approximately 19.3% as compared to the previous year.

– the Group recorded a gross profit of approximately HK$74.8 million for the year ended 31 March 2018 (2017: HK$63.2 million), representing an increase of approximately 18.4% as compared to the previous year.

– Profit attributable to the owners of the Company for the year ended 31 March 2018 amounted to approximately HK$6.0 million (2017: HK$9.6 million). Excluding the listing expenses and other non-recurring expense, the Group's profit attributable to owners of the Company for the year ended 31 March 2018 amounted to approximately HK$18.0 million (2017: HK$18.3 million).

– the Board resolved not to recommend the payment of any final dividend for the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group's philosophy is "Setting off for harmless living" ("從無害生活出發"). To uphold this philosophy, the Group strives to select and offer quality products which do not contain any ingredients that, in our view, would affect or impair the health of our customers. The Group targets to serve and offer our products to customers who are ingredient conscious and aspire to the betterment of their health.

The Group mainly sells products at our retail stores, with a portion through our online shop at www.mimingmart.com, consignment sales and a distributor in Taiwan. The Group also acts as the consignee for some suppliers on a consignment basis whereby the Group is entitled to the consignment commission based on the amount of sales of the consignor's products and the predetermined percentage as agreed by the consignor and the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately HK$20.0 million or approximately 19.3% from approximately HK$103.4 million for the year ended 31 March 2017 to approximately HK$123.4 million for the year ended 31 March 2018. We believe that the increase in revenue was primarily due to (i) the business generated from the Group's three new retail stores in Quarry Bay, Tuen Mun and Tseung Kwan O, which had not commenced business in the previous year; (ii) the business generated from the Group's retail store in Mongkok, which did not operate for a full year in the previous year; (iii) the increase in sales volume as well as average selling price of our skincare products during the year ended 31 March 2018.

For the year ended 31 March 2018, the revenue generated from the sale of our products accounted for approximately 99.4% of our total revenue, whilst consignment commission accounted for approximately 0.6% of our total revenue.

Cost of sales

The Group's cost of sales primarily consists of cost of inventories sold, commission expenses, and incoming shipping, freight and delivery charges. The cost of sales increased to approximately HK$48.6 million for the year ended 31 March 2018 from approximately HK$40.2 million for the year ended 31 March 2017, representing an increase of approximately 20.8% primarily as a result of the increase in sales during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Gross profit of the Group increased by approximately 18.4% from approximately HK$63.2 million for the year ended 31 March 2017 to approximately HK$74.8 million for the year ended 31 March 2018. The increase was mainly due to the increase in revenue during the year. The gross profit margin remained relatively stable at approximately 61.1% and 60.6% for the years ended 31 March 2017 and 2018, respectively.

Other Income

Other income of the Group remained stable at approximately HK$0.1 million for the years ended 31 March 2017 and 2018, respectively.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately 30.2% from approximately HK$23.7 million for the year ended 31 March 2017 to approximately HK$30.8 million for the year ended 31 March 2018. The increase was mainly due to (i) the increase in rent and rental related expenses of approximately HK$3.9 million primarily attributable to the opening of new retail stores as mentioned above; and (ii) increase in salaries, allowances and commission of approximately HK$1.9 million as a result of the employment of more sales staff during the year ended 31 March 2018 as compared to the previous year.

Administrative and operating expenses

Administrative and operating expenses of the Group increased by approximately 25.5% from approximately HK$17.7 million for the year ended 31 March 2017 to approximately HK$22.2 million for the year ended 31 March 2018. The increase was mainly due to (i) increased staff costs of approximately HK$2.4 million relating to increased office headcount to support the Group's business expansion; (ii) the increase in Directors' emoluments of approximately HK$0.6 million due to a pay raise to one of the Directors in September 2016; and (iii) increased rental expenses of approximately HK$0.3 million for the Group's new offices since December 2016 and relocation of the Group's warehouse in June 2016.

Interest expense on bank borrowings

Interest expenses on bank borrowings increased by approximately 579.2% from approximately HK$24,000 for the year ended 31 March 2017 to approximately HK$163,000 for the year ended 31 March 2018. The increase was primarily attributed to the increased level of bank borrowing during the year ended 31 March 2018.

Other expense

The Group incurred other expense of approximately HK$0.6 million for the year ended 31 March 2018 as payment for settlement of the legal proceedings (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Listing expenses

The Group's listing expenses amounted to approximately HK$11.4 million for the year ended 31 March 2018 and approximately HK$8.7 million for the year ended 31 March 2017.

Income tax expense

Income tax expense for the Group remained stable at approximately HK$3.7 million for the years ended 31 March 2017 and 2018, respectively.

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

Profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately HK$3.6 million or 37.1% from approximately HK$9.6 million for the year ended 31 March 2017 to approximately HK$6.0 million for the year ended 31 March 2018. Such decrease was primarily attributable to the increase of listing expenses incurred by the Group during the year ended 31 March 2018 as compared to the previous year. Excluding the listing expenses and other non-recurring expense, the Group's profit and total comprehensive income attributable to owners of the Company would be approximately HK$18.3 million and HK$18.0 million for the years ended 31 March 2017 and 2018, respectively.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 March	
	2018	2017
Current ratio *(Note 1)*	**13.2**	2.9
Gearing ratio *(Note 2)*	**–**	18.2%

Notes:

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

2. Calculated based on total debts at the end of the year divided by total equity at the end of the respective years and multiplied by 100%. Total debts are defined to include obligation under bank borrowing.

The current ratio of the Group as at 31 March 2018 was 13.2 times as compared to that of 2.9 times as at 31 March 2017. The increase in current ratio was mainly due to increase in bank balances and cash as a result of the receipts of listing proceeds of approximately HK$75.6 million. The gearing ratio of the Group as at 31 March 2018 was nil as compared to that of 18.2% as at 31 March 2017. Such decrease was primarily due to decrease in bank borrowing as a result of the Group repaid all the import loans as at 31 March 2018.

The Group's management closely monitors the Group's cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. The management takes into account the trade receivables, trade payables, cash on hand, repayment of bank borrowing, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group generally financed its operations through a combination of cash generated from operations and banking borrowing. After the Listing, the Group expects to finance the capital expenditure and operational requirements through cash generated from operations, net proceeds from the share offer of the Company's shares in listing and bank borrowing.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2018, the Group had certain bank balances and payables denominated in foreign currencies, mainly Australian dollar and United States dollar, which exposed the Group to foreign currency risk. Our Directors consider that our policy to maintain sufficient Australian dollar for payment of purchases for about six months and keeping of about two months' inventory, with reference to our historical sales, will provide us with a sufficient buffer to minimise our exposure to the fluctuation in Australian dollar.

SIGNIFICANT INVESTMENTS

As at 31 March 2018, there was no significant investment held by the Group (2017: nil).

CAPITAL STRUCTURE

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

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

CAPITAL COMMITMENT

As at 31 March 2018, the Group did not have any significant capital commitments (2017: nil).

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liabilities (2017: nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

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

The remuneration policy of our Group to reward our employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, sales commission, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. The remuneration package of our executive Directors and the senior management is, in addition to the above factors, linked to the return to the Shareholders. The remuneration committee will review annually the remuneration of all our executive Directors and senior management to ensure that it is attractive enough to attract and retain a competent team of executive members.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual duties and responsibilities, individual performance and comparable market practices.

As at 31 March 2018, the Group employed a total of 72 (2017: 67) full-time employees and 12 (2017: 8) part-time employees. The staff cost, including Directors' emoluments, of the Group for the year ended 31 March 2018 was approximately HK$24.4 million (2017: HK$19.5 million). The Company maintains the share option scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this annual report, no option has been granted under the share option scheme.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those in relation to the reorganization in preparation of the Listing as set out in section headed "History, Reorganisation and Corporate Structure – Reorganisation" of the prospectus of the Company dated 30 January 2018 (the "Prospectus").

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2018, the Group did not have other plans for material investments and capital assets.

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 March 2018.

Business plan up to 31 March 2018 as set out in Prospectus	**Actual progress up to 31 March 2018**
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	
– Open one retail store in Kowloon Bay	The Group principally accepted the tenancy offer from the landlord of a suitable premises, however, it was subsequently unable to enter into a tenancy agreement because the landlord revoked their offer. We are in the process of identifying an alternative premises according to our expansion plan.
– Recruitment of 5 new staff members	Owing to the postponed shop expansion plan as mentioned above, the Group did not recruit additional staff members. The Group will use the funds as intended when there is a new shop.
– Recruitment of a shop expansion manager and payment of his/her salaries	During the period under review, the Group was recruiting a shop expansion manager and subsequently hired a suitable candidate in April 2018.
– Refurbishing two existing retail stores	During the period under review, the Group engaged a contractor for the refurbishing work for one of our retail stores. Such refurbishing work has been completed in April 2018. The Group postponed the refurbishing work of another retail store subject to the completion of its tenancy renewal. The renewed tenancy agreement was signed in March 2018 and the Group will use the fund as intended to refurbish such retail store in the financial year 2019.
Acquire a warehouse	
– Partial payment for acquiring the warehouse	The Group had identified a premises, however, we were not able to negotiate successfully with the landlord. The Group is in the process of identifying a suitable premises according to our expected size and budget.

MANAGEMENT DISCUSSION AND ANALYSIS

Business plan up to 31 March 2018 as set out in Prospectus	Actual progress up to 31 March 2018
Expand our product portfolio and explore new suppliers	
– Recruitment of a product expansion manager and payment of his/her salaries	During the period under review, the Group was recruiting a product expansion manager and subsequently hired a suitable candidate in April 2018.
– Attending trade fairs, exhibitions and conducting feasibility studies and research on new products and markets	The Group was unable to identify suitable trade fairs or exhibitions during the period under review, nevertheless, the Group has identified several suitable trade fairs in the financial year 2019. The representatives of our Group subsequently attended a trade fair in Korea in May 2018 and will attend a trade fair in the United States in August 2018.
Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media	
– Deploying mainstream advertising through traditional media such as television, outdoor advertising, newspapers, magazines, advertising in mass transit railway stations and mobile phone applications	The Group has deployed its advertisement through traditional media and online channels.
– Hiring third parties to transform our website into an information portal and revamping our online shop	The Group will use the funds as intended to transform our website into an information portal and for revamping our online shop in the financial year 2019.
Conduct system improvement and integration	
– Purchase of new integrated system	The Group has paid a deposit for acquiring a new integrated system. The implementation of the new system is expected to be completed in late 2018.
– System maintenance and point-of-sale system hosting	During the period under review, the Group has deployed funds for system maintenance and point of sale system hosting.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

An analysis of the planned usage of net proceeds up to 31 March 2018 and the actual utilisation are set out below:

	Planned use of net proceeds up to 31 March 2018 (adjusted on a pro rata basis on the actual net proceeds) HK$'000	**Actual usage of net proceeds up to 31 March 2018** HK$'000
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	1,732	137
Acquire a warehouse	13,181	–
Expand our product portfolio and explore new suppliers	138	8
Enhance our marketing strategies by expanding and exploring more effective online marketing strategies, transforming our website as a lifestyle information portal, revamping our online shop and deploying more mainstream media	959	541
Conduct system improvement and integration	1,045	120
General working capital	198	198

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

OUTLOOK AND PROSPECTS

The Company's shares were listed on GEM on 12 February 2018. The net proceeds from the Listing have laid a solid foundation for the future development of the Group.

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

Going forward, the Group aims to maintain our leading position in the small and medium segment of the skincare and cosmetics multi-brand specialty retailers market in Hong Kong and expand our sales network and product portfolio in order to enhance our competitiveness. With our comprehensive knowledge in both the skincare and cosmetics market and the health supplement market in Hong Kong, we plan to open five new retail stores in Hong Kong by the end of March 2020.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Yuen Mi Ming Erica (袁彌明), aged 37, was appointed as a Director on 4 November 2016 and was then redesignated as an executive Director and appointed as the chairlady and the chief executive officer of our Company on 11 January 2017. Ms. Erica Yuen is a director of Inwell International Limited, and together with Ms. Yuen Mimi Mi Wahng, established the business of our Group back in 2009. Ms. Erica Yuen is mainly responsible for corporate strategic planning, overall management and supervision of sales and marketing, and development of market recognition of our Group. Ms. Erica Yuen is the sister of Ms. Yuen Mimi Mi Wahng and spouse of Mr. Lam Yue Yeung Anthony.

Ms. Erica Yuen has over 12 years of experience in the marketing and entertainment fields. Between August 2003 and May 2005, Ms. Erica Yuen worked as business associate in PCCW Services Limited, which is a wholly-owned subsidiary of PCCW Limited, a company listed on the main board of the Stock Exchange (stock code: 0008). Thereafter, she joined the entertainment industry in 2005. She casted in a number of movies and television programmes including drama and variety shows. From 2007 to 2009, Ms. Erica Yuen had been a columnist for several newspapers and magazines in Hong Kong, namely "Apple Daily" and "Sudden Weekly", with some columns for the review of beauty and health products in the market. She has gained about nine years of marketing experience in the skincare and cosmetics industry and health supplement industry since 2009 when our Group was established.

Ms. Erica Yuen obtained a bachelor's degree of arts (major in economics) with Magna Cum Laude Honor from Tufts University in the United States in May 2003.

Ms. Yuen Mimi Mi Wahng (袁彌望), aged 45, was appointed as a Director on 9 December 2016 and was then redesignated as an executive Director on 11 January 2017. Since Ms. Mimi Yuen established the business of our Group together with Ms. Yuen Mi Ming Erica back in 2009, she has accumulated about nine years of experience in the skincare and cosmetics industry and health supplement industry. Ms. Mimi Yuen is a director of Inwell International Limited. She is responsible for the establishment and optimisation of our day-to-day operations, in particular, overseeing the operational processes, resources allocation and cross-departmental cooperation. Ms. Mimi Yuen also oversees our accounting and human resources departments. Ms. Mimi Yuen is the sister of Ms. Yuen Mi Ming Erica, cohabitant of Mr. Cheung Siu Hon Ronald and sister-in-law of Mr. Lam Yue Yeung Anthony.

Ms. Mimi Yuen obtained a dual master's degree of science and business administration from Northeastern University in the United States in September 1997.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Lam Yue Yeung Anthony (林雨陽), aged 41, was appointed as a non-executive Director on 11 January 2017. He is responsible for providing strategic advice to our Group, developing and implementing marketing strategy. Mr. Lam is the spouse of Ms. Yuen Mi Ming Erica and brother-in-law of Ms. Yuen Mimi Mi Wahng.

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

Mr. Lam obtained a bachelor's degree of arts from the University of British Columbia in Canada in November 1998 and a master's degree of business administration from the University of Strathclyde in the United Kingdom in June 2004.

Mr. Cheung Siu Hon Ronald (張肇漢), aged 38, was appointed as a non-executive Director on 11 January 2017. He is responsible for providing strategic advice to the operation of our retail stores. Mr. Cheung is the cohabitant of Ms. Yuen Mimi Mi Wahng.

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

Mr. Cheung obtained a bachelor's degree of arts in hotel and hospitality management from the University of Strathclyde in July 2005 and a master's degree of physical education from Beijing Sport University in the People's Republic of China in June 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Chan Sze Lai Celine (陳思例), aged 38, was appointed as an independent non-executive Director on 23 January 2018.

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

Ms. Chan obtained a bachelor's degree of science in biochemistry with honours from Queen's University in Canada in May 2002. She obtained a master's degree of science from the University of Toronto in Canada in November 2004 and a master's degree of business administration from The Hong Kong University of Science and Technology in November 2014. In December 2009, Ms. Chan obtained the doctor of philosophy from The University of Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Shum Wai Sze (沈慧施), aged 42, was appointed as an independent non-executive Director on 23 January 2018.

Ms. Shum has over 12 years of experience in the finance industry. She joined Noble Apex Wealth Limited as an associate director since July 2005 and is mainly responsible for wealth management for the company's clients. Ms. Shum has been registered with the Hong Kong Confederation of Insurance Brokers as a technical representative of Noble Apex Wealth Limited since July 2005. She also worked as an associate director at Noble Apex Advisors Limited from May 2005 to January 2013 and from January 2015 to August 2016. During her employment at Noble Apex Advisors Limited, she was a licensed person under the SFO permitted to carry out type 1 (dealing in securities) regulated activity from March 2009 to March 2012; type 4 (advising on securities) regulated activity from July 2005 to March 2012; and type 9 (asset management) regulated activity from September 2005 to March 2012 and June 2015 to August 2016, as defined under the SFO. Ms. Shum is currently still an associate director of Noble Apex Wealth Limited.

Ms. Shum obtained a bachelor's degree of business administration cum laude from The Bernard Baruch College, The City University of New York in June 1998.

Ms. Tsang Wing Yee (曾詠儀), aged 46, was appointed as an independent non-executive Director on 23 January 2018.

Ms. Tsang is a Chartered Financial Analyst Charterholder, a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She has been a licensed person under the SFO permitted to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO since August 2003. Ms. Tsang has over 14 years of experience in the field of corporate finance.

Ms. Tsang obtained a bachelor's degree in business administration from The University of Hong Kong and a master's degree of science in financial management from The University of London.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Ho Man Dic (何文迪), aged 40, was our logistics manager since November 2015 and became our head of logistics department in May 2017. He is responsible for overseeing the logistics operation, developing and implementing repackaging procedures and monitoring and implementing the ISO 9001-compliant quality management system.

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

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

Mr. Mak Yau Kwan (麥又焜), aged 31, was appointed as our company secretary on 11 January 2017. He was our finance manager since January 2016 and was promoted to financial controller in January 2017. Mr. Mak is responsible for supervising our Group's finance activities, budgeting and forecasting, as well as corporate secretarial practices and procedures of our Group.

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

Mr. Mak obtained a bachelor's degree of business administration from the Lingnan University in October 2008.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

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

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

As the shares of the Company (the "Shares") were listed on the GEM of the Stock Exchange on the Listing Date, the Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this report (the "Relevant Period"), except for code provision A.2.1. Please refer to the paragraph headed "Chairman and Chief Executive Officer" below.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

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

Board Composition

The Board of the Company currently comprises the following Directors:

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

Non-executive Directors
Mr. Cheung Siu Hon Ronald
Mr. Lam Yue Yeung Anthony

Independent Non-executive Directors
Ms. Chan Sze Lai Celine
Ms. Tsang Wing Yee
Ms. Shum Wai Sze

The biographical information of the Directors and relationships between the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 31 to 35 of the annual report for the year ended 31 March 2018.

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.

Since the Shares were listed on GEM of the Stock Exchange on 12 February 2018, the Board held only one meeting during the year ended 31 March 2018 and the Directors' attendance records are as follows:

Name of Directors	Attendance
Ms. Yuen Mi Ming Erica	1/1
Ms. Yuen Mimi Mi Wahng	1/1
Mr. Cheung Siu Hon Ronald	1/1
Mr. Lam Yue Yeung Anthony	1/1
Ms. Chan Sze Lai Celine	1/1
Ms. Tsang Wing Yee	1/1
Ms. Shum Wai Sze	1/1

Chairman and Chief Executive Officer

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

Ms. Erica Yuen is the chairlady of the Board and the chief executive officer of our Company. As Ms. Erica Yuen has been operating and managing our Group since 2009 and is a prominent social media icon on one of the most popular social media platforms, our Board believes that it is in the best interest of our Group to have Ms. Erica Yuen taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from CG Code provision A.2.1 is appropriate in such circumstances.

Independent Non-executive Directors

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

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

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

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

The Company's Articles of Association (the "Articles") provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment.

Under the Articles of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of the Directors

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Indemnity of the Directors

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

Continuous Professional Development of Directors

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

Every newly appointed Director has received 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. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Prior to the Listing Date, the Company organized a training session conducted by the lawyer for all Directors. Such training session covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and update on GEM Listing Rules amendments, etc. In addition, relevant reading materials including memorandum on the duties and responsibilities of the Directors have been provided to the directors for their reference and studying.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the period from the Listing Date and up to date of this report are summarized as follows:

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

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee 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 19.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Chan Sze Lai Celine, Ms. Tsang Wing Yee and Ms. Shum Wai Sze. Ms. Tsang Wing Yee is the chairlady 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, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Pursuant to the terms of reference of the Audit Committee, the Audit Committee shall hold at least four meetings a year. Since the Shares were listed on GEM of the Stock Exchange on 12 February 2018, the Audit Committee only held one meeting during the year ended 31 March 2018 to review and approve the Group's quarterly financial results and report for the nine months ended 31 December 2017 before submission to the Board for approval.

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

The Audit Committee will hold at least four meetings in the forthcoming year and meet the external auditors in accordance with the CG Code and terms of reference.

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

Name of Members of the Audit Committee	Attendance
Ms. Tsang Wing Yee (Chairlady)	1/1
Ms. Chan Sze Lai	1/1
Ms. Shum Wai Sze	1/1

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee consists of three members, namely Ms. Yuen Mi Ming Erica, Executive Director, Ms. Chan Sze Lai Celine, Independent Non-executive Director, and Ms. Shum Wai Sze, Independent Non-executive Director. Ms. Chan Sze Lai Celine is the chairlady of the Remuneration Committee.

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

The Remuneration Committee shall meet not less than once every year. Since the Shares were listed on GEM of the Stock Exchange on 12 February 2018, the Remuneration Committee did not hold meeting during the year ended 31 March 2018.

The Remuneration Committee will hold at least one meeting in the forthcoming year in accordance with the CG Code.

Details of the remuneration of the senior management by band are set out in note 11 in the Notes to the Audited Financial Statements for the year ended 31 March 2018.

Nomination Committee

The Nomination Committee consists of three members, namely Ms. Yuen Mi Ming Erica, Executive Director, Ms. Chan Sze Lai Celine, Independent Non-executive Director, and Ms. Shum Wai Sze, Independent Non-executive Director. Ms. Yuen Mi Ming Erica is the chairlady of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

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, including but not limited to gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. 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.

CORPORATE GOVERNANCE REPORT

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee shall meet at least once every year. Since the Shares were listed on GEM of the Stock Exchange on 12 February 2018, the Nomination Committee did not meet during the year ended 31 March 2018.

The Nomination Committee will hold at least one meeting in the forthcoming year in accordance with the CG Code.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Prior to the Listing, the Company engaged an external consulting firm to review the internal controls of the Company, including the financial, operational and compliance controls. The consulting firm provided advices for improvement regarding issues identified in the review and reported to the Board. Our management took follow-up measures regarding the implementation and arranged subsequent review work during the year ended 31 March 2018.

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

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

Disclosure policy has been developed by the Company 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 unauthorized access and use of inside information are strictly prohibited.

The Board has conducted a review of the risk management and internal control systems annually in June 2018 and has confirmed that the systems are effective and adequate.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2018.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 70 to 74.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company, Messrs. Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 March 2018 is set out below:

Service Category	**Fees Paid/Payable** HK$'000
Audit Services	750
Non-audit Services	
– Work performed as reporting accountants of the Company in relation to the Listing	1,188
– Others	60
	1,998

COMPANY SECRETARY

Mr. Mak Yau Kwan has been appointed as the Company's company secretary. Mr. Mak is a member of the Hong Kong Institute of Certified Public Accountants and he took more than 15 hours of relevant professional training for the year ended 31 March 2018.

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

SHAREHOLDERS' RIGHTS

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

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

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

CORPORATE GOVERNANCE REPORT

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company at Room 1622, 16th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles.

Communication with Shareholders

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

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

Contact Details

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

Address: Room 1622, 16th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong
(For the attention of the Company Secretary)

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

CONSTITUTIONAL DOCUMENTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board of the Company recognizes the importance of strong Environmental, Social and Governance ("ESG") performance in meeting the changing expectations of stakeholders and enhancing the performance of the Group. The Board has taken overall responsibility for the Company's ESG strategy and reporting, and has a strong commitment to environmental protection with the mission to promote an environmental culture among our staff, which will help to maintain the sustainable development of the Company.

With a view to strengthening ESG disclosures, and as required by the "ESG Reporting Guide" under Appendix 20 of the GEM Listing Rules of the Stock Exchange and other relevant rules, the Company has taken the initiative to formulate policies, monitor progress and report to investors and other stakeholders on work in the ESG area.

This ESG report describes the progress made by the Company on our environmental journey during the reporting period. The reporting scope covers the head office, the nine retail stores and the warehouse all located in Hong Kong.

SUBJECT AREA A: ENVIRONMENTAL SUBJECT AREA

Since the Group does not engage in activities that are generally regarded as having a high environmental impact, the overall emissions and waste generation from the Company is lower than those manufacturing and other heavy industries, thus we believe that the environmental impact of the Group in term of emissions and waste generation is relatively small.

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

Aspect A1: Emissions

Air and Green House Gases ("GHG") emissions

Emissions generated by the Group were mainly indirect GHG emissions generated from the use of purchased electricity. A small amount of direct air emissions was generated from the use of company motor vehicles. These direct air emissions were mainly nitrogen oxides, sulphur oxides and particular matter exhausted from the engines when petrol is combusted.

The amounts of the different types of air emissions emitted by the Company during the year were as follows:

Air emissions	**Air emission source**	**Total approx. volume emitted** (kilograms)
Nitrogen Oxides (NOx)	Use of company vehicle	0.36
Sulphur Oxides (SOx)	Use of company vehicle	0.01
Particulate Matter (PM)	Use of company vehicle	0.03

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The approximate volume of different types of GHG emissions in CO_2 equivalent emissions ("CO_2e") during the year were as follows:

Greenhouse gas emissions	Emission source(s)	Total approx. volume emitted (tonnes of CO_2e)	Percentage of total volume (%)
Scope 1 Direct emissions	Use of company vehicle	1.5	1.8
Scope 2 Energy indirect emissions	Purchased electricity	76.0	95.8
Scope 3 Other indirect emissions	• Electricity use for fresh water and sewage processing by government departments • Paper disposal at landfill	1.9	2.4
Total		79.4	100.0

Scope 2 GHG emissions were the major contributor of the Group's emissions, which were generated indirectly as a result of the use of purchased electricity. Electricity consumed by the Group is purchased from electricity companies (i.e. CLP and Hong Kong Electric) which generated these GHG directly by the burning of fuel. During the year, a total of approximately 76 tonnes of Scope 2 GHG emissions were emitted, representing a monthly average emission of approximately 6.3 tonnes.

By comparison, the environmental impact of scope 1 and scope 3 GHG emissions were relatively small. The total emissions from scope 3 GHG were 1.9 tonnes during the year, of which approximately 1.87 tonnes were emitted indirectly as a result of paper disposal at landfill, while the remaining were due to the use of electricity for fresh water and sewage processing by government departments. The total emissions from scope 1 GHG were 1.5 tonnes, produced from the use of company motor vehicle.

To cut down on emissions, the Company has adopted a number of measures which are regularly carried out in the course of our business operations which are described in detail in the next section.

Wastes

Wastes generated by the Group were non-hazardous in nature. Major wastes generated by the Company included cosmetic consumables such as cotton pads, make-up brushes, plastic bottles from suppliers, bubble wraps, carton boxes and paper from office printing. However, due to various waste reduction measures implemented in the Company as described in the later paragraphs, the amount of wastes generated during the year were negligible, and hence no meaningful data from waste can collected for analysis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect A2: Use of Resources

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

The major resource used by the Group was water, though its use in operation is minimal. It was mainly used in the pantries and toilets, and in the warehouse for bottle rinsing prior to repackaging. Other than water, paper was used mainly for printing at the head office.

The amount of energy and resources used during the year were as follows:

Energy and Resources	Units	Consumed during the year
Electricity	kWh	104,768
Water	Tonnes	101
Paper	Kilograms	389

The Company has always attached great importance to the protection of the environment. Energy and resources conservation is the key to the success of our ESG strategy. Using a top-down approach, we assimilate ESG concepts into our daily operations at our workplace through Company's policies and guidelines. This ensures that the scope of our ESG coverage is sufficiently broad to cover key parts of our business, thereby effectively raising ESG awareness amongst employees, so that they each become ambassadors of the Company's environmental protection efforts.

Accordingly, the following are measures which are regularly carried out to achieve our ESG strategy in the course of our business operations:

- The staff handbook and various other policies are regularly updated to incorporate environmental protection ideas. For example, encouraging employees to turn off electronic equipment when not in use or when leaving the office in order to save energy; thinking twice before printing emails and re-using printing paper wherever possible in order to save paper and; recycling paper cartons; reducing the use of office consumables (such as paper, pens, file folders, Post-it notes and toner or ink cartridges, etc). All these practices are aim to reducing energy consumption and waste, and hence lessening emissions.

- In addition to the written guidelines, the Group has also invested resources in exploring environmental-friendly products and equipment. Wherever possible, water-efficient taps are installed and energy-efficient lightings and electrical appliances are used in the office, retail stores and the warehouse.

- Waste produced in the course of business operations such as plastic bottles, bubble wraps, carton boxes are re-used wherever possible, for example use by our online store to ship products to customers, otherwise recycled by disposing them into the appropriate local waste collection points.

- We do not use additional packaging materials on finished products other than those supplied to us by suppliers and we encourage customers to bring their own bags to purchase our products at our retail stores.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- As described in the later section "Aspect B5: Supply Chain Management", the Group selects suppliers based on a set of criteria, one of which is environmental friendliness. Regardless of whether procuring for sales and for self-consumption, the Group procures from suppliers of which products are harmless to humans and the environment.

- The workplace temperature has been maintained at a comfortable level to reduce overcooling or under-cooling and thus reducing excessive use of electricity.

- We conduct regular operational training sessions to ensure our employees are fully aware of our Company's policies and to align our practices, one of which is fostering environmental protection awareness.

Aspect A3: Environment and Natural Resources

Other than water as described in the previous section, the Group's operation does not consume significant resources from, nor causes any significant impact on the environment. Sewage generated from operations is properly disposed of through a designated pipeline networks connected to the drainage services department for sewage processing. Hence the impact on the natural environment as a direct result of the Group's operation is minimal.

Nonetheless, as outlined in "Aspect A2: Use of Resources", the Group is committed to environmental protection and has adopted and effectively implemented a number of measures to make efficient use of resources, reduce wastage and dispose of waste in an environmental-friendly manner.

The Group is also committed to complying with all applicable environmental laws and regulations. During the year the Company has not received any related complaint nor has it breached any relevant environmental laws and regulations which includes but not limited to the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) and Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong).

SUBJECT AREA B – SOCIAL ASPECTS

Employment and Labour Practices

Aspect B1: Employment

The Company highly values its employees, as the workforce is not only the most valuable asset of the Group but is also the solid foundation of sustainable development.

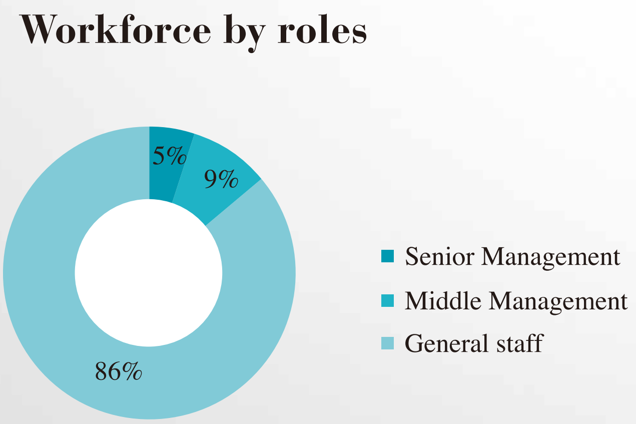
In order to foster a fair, honest, safe and comfortable working environment for all of our employees, the Company has formulated a set of human resources policies written in the staff handbook in respect of remuneration, recruitment and promotion, dismissals, working hour and leave entitlements and other employee benefits, as well as guidelines related to occupational health & safety, misconducts, anti-bribery and equal opportunities, and handling procedures for suggestion and complaints. These policies are clearly communicated to all levels of employees.

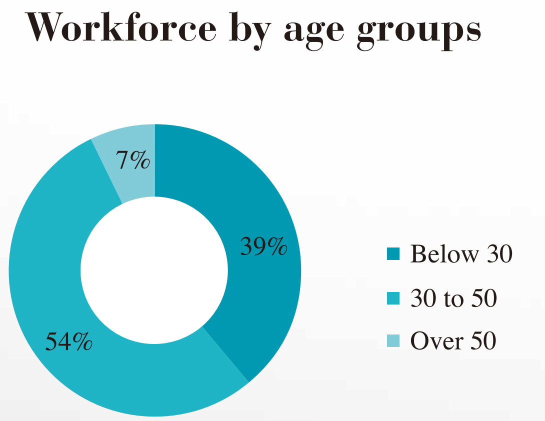
Employee recruitment and remuneration decisions are made on the basis of merits and working experience, including qualifications, industrial expertise, general aptitude and competence for the job the candidates applying for. As a Company which is committed to equal opportunity, these recruitment decisions are never based on gender, family position or ethnic background. There is no limit imposed on age other than the legal minimum age limits.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our dedicated workforce

As at 31 March 2018, the Group had a total of 84 employees, all of them were employed in Hong Kong. The workforce categorised by different roles offered by the Company and age groups is depicted below:

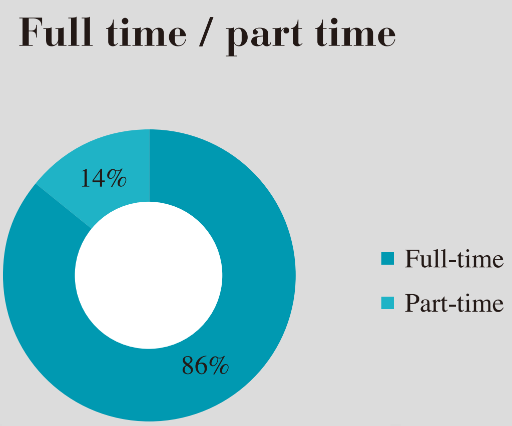


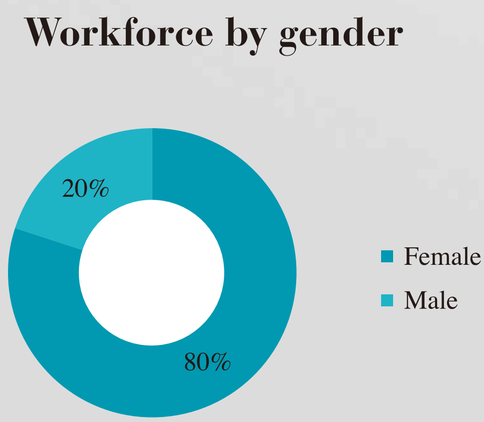


In total there were 72 general staff, 8 middle management employees, and 4 senior management employees. Employees in the senior management roles are CEO, COO, Financial Controller and the Head of Logistics Department, who are experienced individuals responsible for making strategic-level decision, as well as overseeing and monitoring the performance of these strategic goals. Employees in the middle management roles are mainly departmental principals, who supervise the daily operations and the performance of their responsible departments, while employees in the general staff roles are those who are at the front-line of their respective functional departments, for instance, shop supervisors who regularly deal with customers, and logistics & quality assurance staff who deal with the daily stock in and out, repackaging, and quality assurance operations.

As at 31 March 2018, our workforce was predominantly in the "30 to 50" age group, accounting for 54% of the workforce, while approximately 39% belonged to the "below 30" group, and the remaining approximately 7% belonged to employees over 50 years old.

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





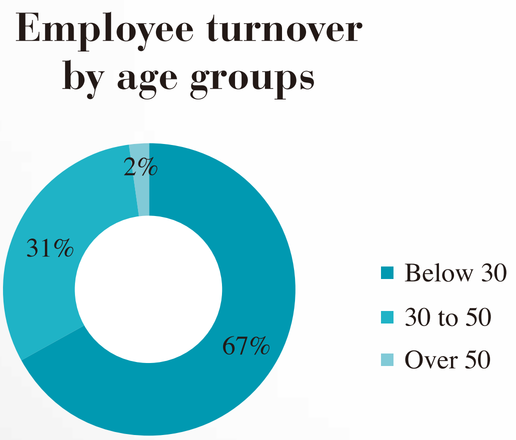
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

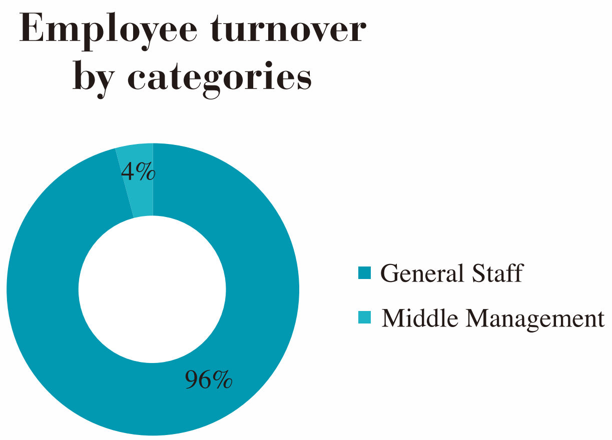
The majority of the Group's employees were full-time employees. As at 31 March 2018, there were 72 full-time versus 12 part-time employees. The majority of part-time employees were beauty specialist and consultants who work at our retail stores.

There were 67 female and 17 male employees, with a female-to-male ratio of approximately 4:1. The ratio of female employees is higher due to the higher percentage female general staff required as front-line employees to facilitate the sales and to give advice on products which predominantly appeal only to females, such as make-up and cosmetic products.

Employee turnover

During the year a total of 45 employees left the Group. The ratio of employee turnover categorised by age groups and categories are as follows:





While only 39% of the workforce was in the "30 and below" age group, the majority of the total employee turnover (67%) came from this age group. The annual employee turnover rate of this age group was 82%, versus 35% for employees in the age group "30 to 50" and 18% for employees aged over 50, hence showing the difficulty in retaining younger staff, although this challenge is not only unique to the Group, but in the retail industry in Hong Kong as a whole.

Most of the employee turnover was from the general staff category (i.e. 96%), showing a high retention rate of employees on the middle and senior management categories. The overall monthly turnover rate ranged between 0% and 8.3%. The annual total, male and female employee turnover rates were all at 55%, hence showing little co-relation between employment turnover and gender.

Retaining talents

The Company has implemented an annual appraisal program that periodically reviews staff performances explores and motivates them to attain their career goals and ultimately helps them to achieve their full potentials. Based on these appraisals the Company also performs regular salary reviews to ensure employees are reasonably remunerated and incentivised. Promotion and internal transfer to different roles within the Group are also offered to employees needing a new challenge or a change of environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company respects and protects employee rights offered by laws and the systems of the Company, and encourages employees at all levels to conduct business in a professional manner with integrity, impartiality and honesty. The Company does not tolerate any unethical and discriminatory acts either inside or outside of the Company. To that end, the Company has stated the Company's code of conduct in the employment contract as well as in the staff handbook, and has established a whistle-blowing policy to receive complaints from employees as outlined in the section "Aspect B7: Anti-corruption".

During the year, there was no non-compliance or breach of legislation in relation to the Employment Ordinance, the Employees' Compensation Ordinance, Minimum Wage Ordinance or any other applicable employment laws and regulations.

Aspect B2: Health and Safety

The Company is committed to maintaining and improving the well-being of its employees and customers.

To make our employees aware of health and safety issues, we have a training plan which provides training on topics related to occupational health and safety to all our employees and keeps them up-to-date with the latest knowledge on occupational hazard mitigation. For more details on our employees' training programme, please refer to the next section "Aspect B3: Development and Training".

The Company is also committed to ensuring the compliance with the latest building and fire safety requirements with regards to any renovations or modifications of existing retail stores, offices and warehouse. During the year the Company received no report of workplace injury, and has fully complied with the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) ("BO") and subsidiary legislation relating to the planning, design and construction of buildings and associated works, and has obtained all necessary permissions from the appropriate authorities.

Aspect B3: Development and Training

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

The Company has established policies, through systematic training and professional development, to ensure that employees have the training required to fulfill the continuous professional training requirements of their respective profession.

The Company provides both external, internal, as well as on-the-job training opportunities for all levels of employees. Trainings on corporate culture, management skills, sales skills, product information and health & occupational safety are planned to be conducted throughout the year. These trainings enable our staff to keep abreast of the latest developments in product knowledge as well as safety and health at work.

Aspect B4: Labour Standards

The Company attaches great importance to and strictly abides by all applicable labour laws and regulations on employment in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Unethical business practices, such as child and forced labour, are strictly prohibited by the Company which is clearly stated in the employee's code of conduct. We actively detect and prevent these practices through our regular internal review, and our comprehensive screening in the recruiting process. We also have a whistle-blowing policy for anyone including employees to file a complaint or report on unethical behaviour, which is described in detail in the section "Aspect B7: Anti-corruption".

Work schedules are arranged with input from the employees to ensure it is set up fairly, that the employees work voluntarily and are provided with adequate rest and the appropriate work-life balance to ensure service quality excellence. In cases where overtime work is required, employees do so of their own accord and overtime compensation are provided in accordance with relevant labour laws and regulations. As stipulated in their individual employment contracts and staff handbook, all employees are provided rest days through annual leave entitlements and compassionate leave, as well as sick leave, maternity leave and paternity leave as stipulated in employment laws.

Aspect B5: Supply Chain Management

Driven by the Company's philosophy "Setting off for harmless living" ("從無害生活出發"), the Company endeavors to select and offer products that do not contain ingredients that would affect or impair the health of customers or others, and those products which are cruelty-free or environmental-friendly.

As part of our product quality assurance system, the Company adopts a comprehensive product quality evaluation process to select and eliminate suppliers of goods and services for sales and for self-consumption. These processes ensure that new and existing suppliers of products and services meet the standard of quality required by the Company and the cost-quality of these suppliers are adequately compared, analysed, assessed and selected in an open and fair manner.

We have a list of approved suppliers from which we regularly procure. We regularly perform performance assessments on the suppliers on this list, removing non-performing suppliers as well as actively sourcing for new ones to be added to the list.

We perform assessments on new and existing suppliers on the same stringent selection criteria set by the Company, based upon the Company's philosophy on product quality. These criteria include but not limited to their level of social responsibility, their environmental-friendliness, whether or not their products have undergone animal testing, the quality of products or services the Company has received in the past, the timing of their past deliveries, the quality and reputation of the ultimate source of their products, their reputation in the industry. New suppliers are added onto the list of approved suppliers only if they meet the new admission criteria, and upon the approval by our Chief Executive Officer.

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

The Company has sourced various eco-friendly and socially responsible products during the year, among many others, there are for example the "The Humble Brush" which is made of bio-degradable Bamboo, whose company will donate a toothbrush for every one sold; there is also the "Zuperzozial Lean Back Mug", which is also made from bio-degradable bamboo which degrades in 12-24 months when disposed of in soil or landfills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B6: Product Responsibility

Quality Assurance

We control the quality of our products from suppliers' selection as detailed in the previous section, we also ensure the quality of their regular shipments by quality inspection of products upon arrival. We have strict policies and procedures to ensure product quality. When products are delivered to our warehouse, we have a dedicated team of quality assurance staff to visually inspect all received products for defects and ensure that the ingredients and labelling on the products are as expected.

For product repackaging and labelling services, we follow stringent guidelines given to us by the suppliers and as per our own quality control system to ensure cleanliness. Our quality assurance officer also conducts periodic checks to ensure these are followed, and also to ensure the labelling are correct and are in compliance with the relevant laws. In recognition for our service excellence, the Company was awarded the ISO9001:2015 certification by HKQAA for its repackaging service in October 2016.

Apart from product quality, the quality of our employees is also a crucial element of our Company's continuous success which differentiates ourselves from other competitors in the industry. Through our comprehensive recruitment process, we ensure our employees are sufficiently qualified and experienced. Also, as mentioned previously in the section "Aspect B3: Development and Training", we provide numerous trainings to our employees to ensure they have the latest product knowledge and the soft skills required to serve our customers well. As also mentioned previously in the section "Aspect B1: Employment", we retain our employees through rewarding the best employees through our appraisal program, regular salary reviews, and promotion and internal transfer opportunities.

We advertise on traditional as well as on digital platforms such as our website and our Facebook page on a regular basis. We have a dedicated team of marketing professionals to ensure that these advertisements and any other content published by the Company are appropriate and in compliance with the relevant laws.

Complaint Handling

We treat all complaints seriously and view them as means to consistently improve the quality of our services and the products we offer.

We have a Facebook page, an email address as well as front-line staff at nine retail stores to handle complaints from customers, and from other stakeholders. Customer service staff take immediate action upon receipt of any complaint, resolving or following up the complaint until resolution, offering replacement or refund where appropriate.

Protection of Intellectual Property

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, we have not engaged in and have not been threatened with any claim for infringement of any intellectual property rights, whether as a claimant or as a defendant. We believe that we have taken all reasonable measures to prevent infringement of our own intellectual property rights.

Protection of Customer Information

The Company considers that privacy and security of information are critical operating principles. We also recognize the importance of keeping personal information of our customers in strict confidence. The Company has implemented various information privacy and information security programmes to protect the security of corporate data as well as personal data privacy.

For instance, our employees are bound by the terms of their employment contracts to ensure that confidential information is properly protected and these information will be kept in strict confidence, and that any information that has come to their possession as a result of their employment with us will not be disclosed to any person without the prior approval of the designated officer(s) of our Company. Any unauthorized copying, dissemination or disclosure of confidential information, including identities and transaction records of customers, are strictly prohibited.

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

Aspect B7: Anti-corruption

The Company is committed to adhering to the highest ethical standards and maintaining a corporate culture of integrity and justice for preventing, detecting and reporting all types of corrupted and fraudulent practices, such as bribes, kickbacks, favouritisms, money-laundering, etc.

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

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

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

During the reporting period, there was no legal case regarding corrupt practices nor any case of corruption found by or reported to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B8: Community Investment

With the commitment to being a socially responsible corporation, the Company encourages employees to contribute their time and efforts in participating in local community activities and events. These include the following:

- In March 2018, the Group made a donation of HK$10,000 to "World Wide Fund For Nature Hong Kong".

- In July and August 2016, Mi Ming Mart hosted a postcard selling campaign to raise funds for Cat Society (Hong Kong) Limited ("香港群貓會"). In June 2016, the Group donated HK$20,000 towards the society for its effort in the care and protection of stray and abandoned cats.

- In July 2016, Mi Ming Mart donated approximately 800 bucket bags to the People's Talents Bank Project ("PTBP" or "互惠銀行計劃") which was organised by the Community Mutual Resource Centre ("社區互惠資源中心") of the HKSKH Lady MacLehose Centre ("香港聖公會麥理浩夫人中心"). This PTBP project turns the time spent in social services by volunteers into "reward points", which can then be used to redeem a range of items including festive food, daily necessities, hobby classes, outdoor activities, electrical appliances, groceries, etc.

REPORT OF THE DIRECTORS

The Directors present herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2018.

GROUP REORGANISATION AND SHARE OFFER

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

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the retail of multi-brand beauty and health products in Hong Kong. The principal activities and other particulars of the subsidiaries of the Company are set out in note 31 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2018 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

The Group complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the Securities and Futures Ordinance (the "**SFO**") for the disclosure of information and corporate governance.

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

During the year ended 31 March 2018, the following principal risks and uncertainties of the Group were identified and classified into strategic risks, operational risks, financial risks and compliance risks.

Risk areas	Principal risks and uncertainties
Strategic risks	No material risks identified
Operational Risks	We rely on major suppliers for the supply of the branded beauty and health products
	We rely on the market recognition of our brand "mi ming mart" ("袁彌明生活百貨" or "彌明生活百貨") for offering quality beauty and health products and any damage to our brand name could materially and adversely affect our business
	The changes in consumer spending patterns and ineffectiveness of promotional activities could materially and adversely affect our business
	We rely on our board members and senior management staff, and their departure would adversely affect our operations and business
Financial risks	No material risks identified
Compliance risks	No material risks identified

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

An analysis of the Group's financial risk management objectives and policies are provided in note 29 to the consolidated financial statements.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

REPORT OF THE DIRECTORS

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

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

No final dividend has been paid or proposed by the Company during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

MAJOR CUSTOMERS AND SUPPLIERS

Owing to the nature of our business, for the year ended 31 March 2018, our customers were mainly retail customers consisting of individuals from the general public, a few bulk purchase customers as well as the distributor in Taiwan. For the year ended 31 March 2018, revenue from our largest and top five largest customers who had been registered under our membership programme (inclusive of the bulk purchase customers and the distributor in Taiwan) was approximately 1.9% and 2.7% of our total revenue, respectively. All of our top five customers during the year ended 31 March 2018 are Independent Third Parties.

The aggregate purchases from our Group's largest and top five suppliers accounted for approximately 38.0% and 63.0% of our total purchases for the year ended 31 March 2018, respectively. All of our top five suppliers during the year ended 31 March 2018 are Independent Third Parties. None of our Directors or any existing shareholder holding more than 5% of our issued share capital (to the best knowledge of the Directors), or their respective close associates, had any interest in any of our top five suppliers for the year ended 31 March 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended 31 March 2018 and the consolidated financial position of the Group as at 31 March 2018 are set out in the consolidated financial statements on pages 75 and 112 respectively.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law of the Cayman Islands, share premium, which was partially offset by the accumulated loss of the Company, are distributable to the Shareholders. As at 31 March 2018, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$70.6 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

DONATIONS

During the year ended 31 March 2018, the Group has made a donation of HK$10,000 made to a charitable organization (2017: HK$35,000).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this report are:

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

– Ms. Chan Sze Lai Celine *(appointed on 23 January 2018)*
– Ms. Shum Wai Sze *(appointed on 23 January 2018)*
– Ms. Tsang Wing Yee *(appointed on 23 January 2018)*

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

REPORT OF THE DIRECTORS

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

Accordingly, Ms. Yuen Mi Ming Erica, Ms. Yuen Mimi Mi Wahng, Mr. Cheung Siu Hon Ronald, Mr. Lam Yue Yeung Anthony and Ms. Chan Sze Lai Celine, being the Directors to retire in rotation and being Directors appointed by the Board and whose respective appointments will end at the forthcoming Annual General Meeting, will be eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

CONFIRMATION OF INDEPENDENCE

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

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2018.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year ended 31 March 2018.

REPORT OF THE DIRECTORS

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

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

(I) Interests in the shares of the Company

Name of Director	**Capacity/ nature of interest**	**Number of Shares interested** *(Note 1)*	**Percentage of shareholding in the Company**
Ms. Yuen Mi Ming Erica *(Note 2)*	Interest in controlled corporation	840,000,000 (L)	75%
Mr. Lam Yue Yeung Anthony *(Note 3)*	Interest of spouse	840,000,000 (L)	75%

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

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

Notes:

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

(2) Prime Era Holdings Limited held direct interests of 840,000,000 Shares. Prime Era Holdings Limited is wholly and beneficially owned by Ms. Yuen Mi Ming Erica. Therefore, Ms. Yuen Mi Ming Erica is deemed to be interested in all the Shares held by Prime Era Holdings Limited under the SFO.

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

REPORT OF THE DIRECTORS

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

DIRECTORS' RIGHT TO ACQUIRE SHARES

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

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

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

Name of shareholder	**Capacity/ nature of interest**	**Number of Shares held** *(Note 1)*	**Percentage of shareholding in the Company**
Prime Era Holdings Limited *(Note 2)*	Beneficial owner	840,000,000 (L)	75%

Notes:

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

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

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

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreement was entered into by the Group, or existed during the year ended 31 March 2018.

SHARE OPTION SCHEME

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

Details of the Scheme are as follows:

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

REPORT OF THE DIRECTORS

5.	The period within which the shares must be exercise under an option	A period which shall not be more than ten (10) years from the date of the grant of option and subject to the provisions for lapse of option as contained in the Scheme.
6.	The minimum period for which an option must be held before it can be exercised	Unless otherwise determined by the Board, there is no performance target required to be achieved and no minimum period required under the Scheme for the holding of an option before it can be exercised.
7.	The amount payable on application or acceptance of the option and the period offered for acceptance	Upon acceptance of the option, the eligible person shall pay HK$1.00 (or such other nominal sum in any currency as the Board may determine) to our Company as consideration for the grant thereof. The share option offer shall be offered for acceptance by the eligible person concerned for a period not less than 5 business days from the date on which the offer is made, except for any offer which is made within last 5 business days of the life of this share option scheme, the offer shall remain open for acceptance on a business day by the eligible person concerned for a period of not longer than the remaining life of this scheme.
8.	The basis of determining the exercise price	Being determine by the Board and shall be a least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant of the options; and (c) the nominal value of a share on the offer date.
9.	The remaining life of the Scheme	The Scheme is valid and effective for a period of ten (10) years commencing on the Listing Date.

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

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Group during the year are set out in note 27 to the consolidated financial statements. The listing of the Company took place in 2018. For the year ended 31 March 2018, certain related party transactions disclosed in note 27 to the consolidated financial statements constitute de minimis continuing connected transactions of the Company under Rule 20.74 of the GEM Listing Rules.

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

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTION

Save as disclosed above, there were no other transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company for the year ended 31 March 2018.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, or its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and a connected entity of a Director had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

From the Listing Date to 31 March 2018, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

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

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

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

REPORT OF THE DIRECTORS

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

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

BANK BORROWING

Particulars of bank borrowing of the Group as at 31 March 2018 are set out in note 23 to the consolidated financial statements.

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEME

Details of contributions to the retirement benefits scheme of the Group are set out in note 26 of the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four financial years is set out in the financial summary section on page 113 of this report.

USE OF PROCEEDS

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

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

REPORT OF THE DIRECTORS

INTEREST OF COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, Kingston Corporate Finance Limited (the "Compliance Adviser"), none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

ANNUAL GENERAL MEETING

The Annual General Meeting for the year ended 31 March 2018 is scheduled to be held on 10 August 2018. A notice convening the Annual General Meeting will be issued and despatched to the Shareholders on 29 June 2018.

AUDITOR

The consolidated financial statements for the year ended 31 March 2018 were audited by Messrs. Deloitte Touche Tohmatsu who will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

By order of the Board
Yuen Mi Ming Erica
Chairlady

22 June 2018

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF MI MING MART HOLDINGS LIMITED
彌明生活百貨控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Mi Ming Mart Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 112, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

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

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of inventories	
We identified the assessment of net realisable value of inventories as a key audit matter due to the significant judgments involved in the determination of the net realisable value of the inventories by the management of the Group. As disclosed in note 5 to the consolidated financial statements, allowance for inventories is estimated based on an assessment of the net realisable value of inventories by the management. In determining the net realisable value of the inventories, the management considers the inventory ageing analysis, current market conditions, marketing and promotion plans, historical sales records and subsequent sales of the inventories. The carrying amount of the inventory balances as at 31 March 2018 was HK$9,161,000 and there is no allowance for inventories as at 31 March 2018.	Our procedures in relation to assessment of net realisable value of inventories included: • Obtaining an understanding from the management how the allowance for inventories is estimated and the net realisable value of the inventories is determined including understanding the key controls of the Group on identifying aged or obsolete, slow-moving or out-of-season inventories that are no longer suitable for sale in the market; • Assessing the reasonableness of the net realisable value of the inventories based on inventory ageing analysis and subsequent sales of the inventories; • Checking the accuracy of the inventory ageing analysis, on a sample basis, to goods received notes; and • Checking subsequent sales, on a sample basis, to the sales invoices.

INDEPENDENT AUDITOR'S REPORT

Other Information

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Revenue	6	**123,397**	103,424
Cost of sales		**(48,592)**	(40,222)
Gross profit		**74,805**	63,202
Other income		**63**	105
Selling and distribution expenses		**(30,783)**	(23,651)
Administrative and operating expenses		**(22,215)**	(17,705)
Interest expense on bank borrowings		**(163)**	(24)
Other expense	8	**(550)**	–
Listing expenses		**(11,424)**	(8,672)
Profit before tax	9	**9,733**	13,255
Income tax expense	10	**(3,698)**	(3,655)
Profit and total comprehensive income for the year		**6,035**	9,600
Basic earnings per share	12	**HK0.69 cent**	HK1.14 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,489**	3,473
Deferred tax assets	15	**456**	95
Other non-current assets	16	**2,225**	3,431
		5,170	6,999
Current assets			
Inventories	17	**9,161**	7,463
Trade receivables	18	**1,061**	293
Deposits, prepayments and other receivables	19	**4,370**	5,496
Pledged bank deposits	20	**3,215**	3,200
Bank balances and cash	20	**83,090**	13,620
		100,897	30,072
Current liabilities			
Trade payables	21	**1,606**	989
Accrued expenses and other payables	22	**4,864**	3,362
Bank borrowings	23	**–**	4,839
Tax payable		**1,198**	1,328
		7,668	10,518
Net current assets		**93,229**	19,554
Net assets		**98,399**	26,553
Capital and reserves			
Share capital	24	**11,200**	–
Reserves		**87,199**	26,553
		98,399	26,553

The consolidated financial statements on pages 75 to 112 were approved and authorised for issue by the Board of Directors on 22 June 2018 and are signed on its behalf by:

Yuen Mi Ming Erica	**Yuen Mimi Mi Wahng**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000 (note)	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2017	–	–	–	16,953	16,953
Profit and total comprehensive income for the year	–	–	–	9,600	9,600
At 31 March 2017	–	–	–	26,553	26,553
Profit and total comprehensive income for the year	–	–	–	6,035	6,035
Effect of the Reorganisation (note 2)	–	37,316	(37,316)	–	–
Capitalisation issue (note 24(d))	8,400	(8,400)	–	–	–
Issue of shares upon listing (note 24(e))	2,800	72,800	–	–	75,600
Cost of issuing new shares	–	(9,789)	–	–	(9,789)
At 31 March 2018	11,200	91,927	(37,316)	32,588	98,399

Note: The merger reserve represents the difference between the total equity of those subsidiaries acquired and the nominal value of share capital issued by the Company pursuant to the group reorganisation as detailed in note 2.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**9,733**	13,255
Adjustments for:		
Depreciation	**2,801**	2,028
Interest income	**(21)**	–
Loss on written off of property, plant and equipment	**1**	–
Interest expense on bank borrowings	**163**	24
Operating cash flows before movements in working capital	**12,677**	15,307
Increase in inventories	**(1,698)**	(1,521)
Increase in trade receivables	**(768)**	(50)
Decrease (increase) in deposits, prepayments and other receivables	**2,332**	(5,409)
Increase (decrease) in trade payables	**617**	(922)
Increase in accrued expenses and other payables	**1,520**	931
Decrease in amount due to a related company	**–**	(7)
Cash generated from operations	**14,680**	8,329
Hong Kong Profits Tax paid	**(4,189)**	(4,680)
NET CASH FROM OPERATING ACTIVITIES	**10,491**	3,649
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,818)**	(2,307)
Placement on pledged bank deposit	**(15)**	(3,200)
Interest received	**21**	–
Advance to a director	**–**	(2,624)
Repayment from a director	**–**	3,028
NET CASH USED IN INVESTING ACTIVITIES	**(1,812)**	(5,103)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**75,600**	–
Bank borrowing raised	**12,803**	4,839
Repayment of bank borrowings	**(17,642)**	–
Share issue costs paid	**(9,789)**	–
Interest paid	**(181)**	(6)
Repayment to a director	**–**	(497)
Advance from a director	**–**	10
NET CASH FROM FINANCING ACTIVITIES	**60,791**	4,346
NET INCREASE IN CASH AND CASH EQUIVALENTS	**69,470**	2,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**13,620**	10,728
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**83,090**	13,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

Mi Ming Mart Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 4 November 2016 and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Prime Era Holdings Limited ("Prime Era"), a private limited company incorporated in the British Virgin Islands ("BVI"). The address of the registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong is Room 1622, 16/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 31.

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

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Prior to the reorganisation, Inwell International Limited ("Inwell") and Rosy Horizon Global Limited ("Rosy Horizon"), the companies now comprising the Group, were controlled by Ms. Yuen Mi Ming Erica ("Ms. Erica Yuen").

In the preparation for the listing of the shares of the Company, the companies now comprising the Group underwent the reorganisation. On 23 January 2018, the reorganisation was executed to the extent that the Company had been interspersed between Ms. Erica Yuen, Inwell and Rosy Horizon (the "Reorganisation"). The Group, comprising the Company, Rosy Horizon and Inwell, resulting from the Reorganisation has always been under the common control of Ms. Erica Yuen throughout the year, regardless of the actual dates when Rosy Horizon and Inwell formally and legally became subsidiaries of the Company. Therefore, the Reorganisation is considered as a business combination under common control and accounted for under merger accounting as mentioned below.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows which include the financial performance and cash flows of the companies now comprising the Group for the year have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 March 2018 and 2017, or since the respective date of incorporation of the relevant entity where this is a shorter period.

The consolidated statement of financial position at 31 March 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date, taking into account the respective date of incorporation of the relevant entity, where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the consolidated financial statements, the Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations issued by the HKICPA which are effective for the accounting periods beginning on 1 April 2017 for both current and prior years.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except as described below, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective 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 2018

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (continued)

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate that the initial application of HKFRS 9 may not have a material impact on the Group's assessment of impaired financial assets.

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon the application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would not have material difference as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (continued)

HKFRS 15 "Revenue from Contracts with Customers" (continued)

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licencing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, currently operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (continued)

HKFRS 16 "Leases" (continued)

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$12,710,000 as disclosed in note 25, of which such amounts have original lease terms for over 1 year. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases at its present value upon the application of HKFRS 16.

In addition, the Group currently considers refundable rental deposits paid of HK$4,992,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the rights to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17, 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Merger accounting for business combination involving business under common control

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

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain 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 businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the customer membership programme of the Group, are accounted for as multiple element revenue transaction and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Consignment commission represents commission earned for goods consigned to the Group and the income is recognised when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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

The Group as lessee

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

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

Purchase rebates

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

Foreign currencies

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the 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 of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Current and deferred tax are recognised in profit or loss.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

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

Short-term employee benefits

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

Property, plant and equipment

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

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

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

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest basis.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment of loans and receivables could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy and financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The amount of impairment loss of financial assets recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss of financial assets decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the loans and receivables at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

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

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

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

Impairment losses on tangible assets

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

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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) 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 2018

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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following twelve months.

Estimated allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Judgment and estimates are required based on the condition and marketability of the inventories. Allowance for inventories is estimated based on an assessment of the net realisable value of inventories by the management. In determining the net realisable value of the inventories, the management considers the current market conditions, marketing and promotion plans, historical sales records and subsequent sales of the inventories. If the net realisable value of the inventories of the Group are less than expected, additional allowance may be required. As at 31 March 2018, the carrying amount of inventories is HK$9,161,000 (2017: HK$7,463,000), and there is no allowance for inventories (2017: nil).

6. REVENUE

	2018 **HK$'000**	2017 HK$'000
Sales of goods		
Retail stores	**119,251**	96,870
Online shop	**2,617**	3,399
Consignment sales	**159**	320
Distributor	**642**	582
Subtotal	**122,669**	101,171
Consignment Commission		
Retail stores	**726**	2,202
Online shop	**2**	51
Subtotal	**728**	2,253
Total	**123,397**	103,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

7. SEGMENT INFORMATION

The Group has one operating segment based on information reported to the chief operating decision maker of the Group (the executive directors of the Company) (the "CODM"), for the purpose of resource allocation and performance assessment, which is the aggregate results of the Group including all income, expenses (excluding the other expense and listing expenses) and tax charges. As a result, there is only one operating and reporting segment of the Group.

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

	2018 HK$'000	2017 HK$'000
Revenue – external sales	**123,397**	103,424
Segment results	**18,009**	18,272
Less:		
Other expense	**(550)**	–
Listing expenses	**(11,424)**	(8,672)
Profit for the year	**6,035**	9,600

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

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

Revenue from major products and service

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

	2018 HK$'000	2017 HK$'000
Skincare	**94,748**	72,186
Cosmetics	**11,456**	12,346
Food and health supplements	**8,970**	9,066
Other products	**7,495**	7,573
Consignment sales service	**728**	2,253
Total	**123,397**	103,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

7. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets are located in Hong Kong and approximately 99% (2017: 99%) of the Group's revenue from external customers during the year ended 31 March 2018 are generated in Hong Kong.

Information about major customers

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

8. OTHER EXPENSE

In December 2016, the Group terminated the contract with and received a demand notice from a service provider for a payment of approximately HK$756,000 in respect of services rendered to the Group. In consideration of the service provider has yet to complete the scope of work under the engagement letter, the directors of the Company did not agree on the payment. In January 2017, the Group was served with a writ of summons to the service provider.

In August 2017, in consideration of the best interest of the Group, the directors of the Company decided to resolve the case and a payment of HK$550,000 has been made by the Group and charged to profit or loss during the year ended 31 March 2018.

9. PROFIT BEFORE TAX

	2018 **HK$'000**	2017 HK$'000
Profit before tax has been arrived at after charging (crediting):		
Director's remuneration (note 11)	**4,024**	3,440
Other staff salaries and allowances	**19,569**	15,338
Retirement benefit scheme contributions, excluding those of directors	**838**	699
Total employee benefits expenses	**24,431**	19,477
Auditor's remuneration		
– Audit services		
– current year	**750**	400
– Non-audit services	**1,248**	1,438
Depreciation of property, plant and equipment	**2,801**	2,028
Loss on written off property, plant and equipment	**1**	–
Cost of inventories recognised as expenses (included in cost of sales)	**48,570**	40,180
Exchange gains (included in other income)	**(19)**	(17)
Interest income	**(21)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax		
– Current year	**4,071**	3,823
– Overprovision in prior years	**(12)**	(7)
	4,059	3,816
Deferred taxation (note 15)	**(361)**	(161)
	3,698	3,655

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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

	2018 HK$'000	2017 HK$'000
Profit before tax	**9,733**	13,255
Tax at Hong Kong Profits Tax rate of 16.5%	**1,606**	2,187
Tax effect of expenses not deductible for tax purpose	**2,105**	1,468
Tax effect of income not taxable for tax purpose	**(1)**	–
Overprovision in prior years	**(12)**	(7)
Others	**–**	7
Income tax expense	**3,698**	3,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

(a) Directors' and chief executive's emoluments

Ms. Erica Yuen and Ms. Yuen Mimi Mi Wahng ("Ms. Mimi Yuen") were appointed as directors on 11 January 2017. Ms. Erica Yuen has also been the chief executive since 11 January 2017. Mr. Lam Yue Yeung Anthony ("Mr. Anthony Lam") and Mr. Cheung Siu Hon Ronald ("Mr. Ronald Cheung") were appointed as non-executive directors on 11 January 2017. Ms. Chan Sze Lai Celine ("Ms. Celine Chan"), Ms. Shum Wai Sze and Ms. Tsang Wing Yee were appointed as independent non-executive directors on 23 January 2018. Details of the emoluments paid or payable to the directors of the Company and the chief executive of the Group (including emoluments for services as directors or senior management of the group entities prior to becoming directors of the Company) during the year are as follows:

For the year ended 31 March 2018

Name of director	Fee	Salaries and other allowances	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors				
Ms. Mimi Yuen*	–	1,950	18	1,968
Ms. Erica Yuen*	–	1,950	18	1,968
Non-executive Directors				
Mr. Anthony Lam	16	–	–	16
Mr. Ronald Cheung	16	–	–	16
Independent Non-executive Directors				
Ms. Celine Chan	16	–	–	16
Ms. Shum Wai Sze	16	–	–	16
Ms. Tsang Wing Yee	24	–	–	24
	88	3,900	36	4,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

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

For the year ended 31 March 2017

Name of director	Fee HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors				
Ms. Mimi Yuen*	–	1,454	18	1,472
Ms. Erica Yuen*	–	1,950	18	1,968
Non-executive Directors				
Mr. Anthony Lam	–	–	–	–
Mr. Ronald Cheung	–	–	–	–
	–	3,404	36	3,440

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

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

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

(b) Employees' emoluments

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

	2018 HK$'000	2017 HK$'000
Salaries and other allowances	**1,564**	1,490
Retirement benefit scheme contributions	**54**	50
	1,618	1,540

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

12. BASIC EARNINGS PER SHARE

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

	2018 **HK$'000**	2017 HK$'000
Earnings		
Earnings attributable to the owners of the Company for the purpose of calculation of basic earnings per share	**6,035**	9,600

	2018 **'000**	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**876,822**	840,000

The number of ordinary shares for the purpose of calculation of basic earnings per share for the years ended 31 March 2018 and 2017 has taken into account the shares issued pursuant to the Reorganisation as set out in note 2 and the capitalisation issue as set out in note 24(d).

No diluted earnings per share was presented for the years ended 31 March 2018 and 2017 as there was no potential dilutive ordinary share in issue during both years.

13. DIVIDENDS

No dividend was declared or paid by the Company for the year ended 31 March 2018.

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	**Computer equipment** HK$'000	**Office equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
COST					
At 1 April 2016	2,689	692	935	1,921	6,237
Additions	1,624	317	366	–	2,307
Disposals/written off	(332)	(201)	–	–	(533)
At 31 March 2017	3,981	808	1,301	1,921	8,011
Additions	1,427	212	179	–	1,818
Written off	–	(115)	–	–	(115)
At 31 March 2018	5,408	905	1,480	1,921	9,714
DEPRECIATION					
At 1 April 2016	761	531	496	1,255	3,043
Provided for the year	1,356	147	190	335	2,028
Eliminated on disposals/ written off	(332)	(201)	–	–	(533)
At 31 March 2017	1,785	477	686	1,590	4,538
Provided for the year	2,142	195	211	253	2,801
Eliminated on written off	–	(114)	–	–	(114)
At 31 March 2018	3,927	558	897	1,843	7,225
CARRYING VALUES					
At 31 March 2018	1,481	347	583	78	2,489
At 31 March 2017	2,196	331	615	331	3,473

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 lease terms
Computer equipment	30%
Office equipment	20%
Motor vehicles	30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

15. DEFERRED TAXATION

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

	Accelerated tax/ accounting depreciation HK$'000
At 1 April 2016	(66)
Credited to profit or loss	161
At 31 March 2017	95
Credited to profit or loss	361
At 31 March 2018	456

16. OTHER NON-CURRENT ASSETS

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

17. INVENTORIES

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

18. TRADE RECEIVABLES

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

	2018 **HK$'000**	2017 HK$'000
Within 30 days	**1,056**	293
31 – 60 days	**5**	–
	1,061	293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

18. TRADE RECEIVABLES (continued)

The following is an aged analysis of trade receivables based on revenue recognition date which are past due but not impaired at the end of the reporting period.

	2018 HK$'000	2017 HK$'000
Within 30 days	**4**	4

The Group's revenue is generated mainly from cash, credit card sales and consignment sales. The average credit period on credit cards sales and consignment sales is 2 days and 30 days, respectively. The balance of trade receivables within due dates mainly represents trade receivables arising from credit card sales. No default of settlement is expected by reference to past experiences. There are no significant overdue debtors at the end of the reporting period.

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

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Other receivables	**82**	641
Rental and utility deposits	**2,948**	1,722
Prepayments	**966**	569
Accrued purchase rebate from a supplier	**374**	–
Deferred listing costs	**–**	2,564
	4,370	5,496

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposit with original maturity of more than three months carried interest rate ranging from 0.15% to 0.31% (2017: 0.15% to 0.5%) per annum as at 31 March 2018. The bank deposit has been pledged to secure the bank facilities of the Group and are classified as current assets.

Bank balances carry interest at prevailing market rate ranging from 0.01% to 1.7% (2017: 0.01% to 0.025%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

21. TRADE PAYABLES

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

	2018	2017
	HK$'000	HK$'000
Within 30 days	**1,451**	987
31 – 60 days	**155**	–
Over 60 days	**–**	2
	1,606	989

22. ACCRUED EXPENSES AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Other payables	**230**	520
Receipt in advance	**108**	68
Accrued expenses	**4,166**	2,647
Deferred income (note)	**360**	127
	4,864	3,362

Note: The amounts represent the deferred income in relation to customer loyalty programme.

23. BANK BORROWINGS

As at 31 March 2017, the Group's bank borrowings are denominated in HK$, secured by a pledged bank deposit and repayable within one year. The amount carried at variable interest rate with reference to prime lending rate minus a specific margin of the bank. The effective interest rate for the year ended 31 March 2018 is 3.75% (2017: 3.75%) per annum.

Details of the Group's bank borrowings guaranteed by related parties are set out in note 27(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. SHARE CAPITAL

	Notes	Number of shares	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 4 November 2016 (date of incorporation) and 31 March 2017	(a)	38,000,000	380
Increase in authorised share capital of HK$0.01 each	(c)	1,962,000,000	19,620
At 31 March 2018		2,000,000,000	20,000
Issued and fully paid:			
At 4 November 2016 (date of incorporation) and 31 March 2017	(a)	1	–
Issue of shares at par for the Reorganisation	(b)	1	–
Capitalisation issue	(d)	839,999,998	8,400
Issue of shares upon listing	(e)	280,000,000	2,800
At 31 March 2018		1,120,000,000	11,200

Notes:

(a) On 4 November 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each. One share of HK$0.01 was issued and allotted to the initial subscriber, which was subsequently transferred to Prime Era.

(b) On 23 January 2018, one share of the Company was issued to Prime Era at par value for the Reorganisation.

(c) On 23 January 2018, the sole shareholder of the Company passed a written resolution pursuant to which the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 divided into 2,000,000,000 ordinary shares with a par value of HK$0.01 each.

(d) On 23 January 2018, the directors of the Company were authorised to capitalise an amount of approximately HK$8,400,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 839,999,998 shares.

(e) On 12 February 2018, the shares of the Company were listed on the Stock Exchange. 280,000,000 ordinary shares at an offer price of HK$0.27 were issued through share offer.

(f) The new shares issued during the year rank pari passu in all respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

25. OPERATING LEASE COMMITMENTS

The Group as lessee

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

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

	2018	2017
	HK$'000	HK$'000
Minimum lease payments	**13,244**	9,257
Contingent rental payments	**1,238**	1,015
	14,482	10,272

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

	2018	2017
	HK$'000	HK$'000
Rented premises		
Within one year	**9,916**	10,817
In the second to fifth year inclusive	**2,794**	5,586
	12,710	16,403

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

26. RETIREMENT BENEFIT SCHEME

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

27. RELATED PARTY DISCLOSURES

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

Name of related party	Relationship	Nature of transactions	2018 HK$'000	2017 HK$'000
Ms. Erica Yuen	A director of the Company	Sales of finished goods	**29**	85
Mr. Anthony Lam	A non-executive director of the Company and a close family member of Ms. Erica Yuen	Sales of finished goods	**17**	20
Ms. Mimi Yuen	A director of the Company	Sales of finished goods	**10**	6
Ms. Celine Chan	An independent non-executive director of the Company	Sales of finished goods	**2**	–
Just Perfect Company Limited	A company which a director of the Company has joint control	Consignment commission income	**–**	2

(b) Compensation of key management personnel of the Company

	2018 HK$'000	2017 HK$'000
Salaries, fees and other allowances	**4,847**	4,111
Performance related incentive payments	**148**	149
Retirement benefit scheme contributions	**72**	71
	5,067	4,331

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

(c) Banking facilities

During the years ended 31 March 2018 and 2017, certain banking facilities granted to the Company were guaranteed by Ms. Erica Yuen and Ms. Mimi Yuen. As at 31 March 2018, the utilisation of such facilities by the Group amounted to Nil (2017: HK$4,839,000). As at the date of this consolidated financial statements, these guarantees have been released.

(d) Other guarantees

Certain lease contracts entered into by the Company were guaranteed by Ms. Erica Yuen and Ms. Mimi Yuen. Except for one guarantee provided by Ms. Erica Yuen which will be expired in July 2018, all other guarantees have been released during the year ended 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

28. CAPITAL RISK MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

29a. Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**87,448**	17,794
Financial liabilities		
Amortised cost	**1,836**	6,348

29b. Financial risk management objectives and policies

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

Market risk – Currency risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

29. FINANCIAL INSTRUMENTS (continued)

29b. Financial risk management objectives and policies (continued)

Market risk – 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:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("USD")	**122**	122	**–**	2
Australian dollars ("AUD")	**9,041**	4,469	**–**	–

Sensitivity Analysis

The above USD denominated assets and liabilities are insignificant to the Group. Accordingly, no sensitivity analysis is presented for USD against functional currencies.

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

	2018	2017
	HK$'000	HK$'000
Profit for the year	**377**	186

Market risk – Interest Rate Risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

29. FINANCIAL INSTRUMENTS (continued)

29b. Financial risk management objectives and policies (continued)

Credit risk

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

In order to minimise the credit risk, the management of the Group has assessed the credibility and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other debts at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

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

Liquidity risk

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

The following tables detail 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 earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

29. FINANCIAL INSTRUMENTS (continued)

29b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table

	Weighted average interest rate	**On demand or less than 1 month**	**Total undiscounted cash flows**	**Carrying amounts**
	%	**HK$'000**	**HK$'000**	**HK$'000**
At 31 March 2018				
Non-derivative financial liabilities				
Trade payables	**–**	**1,606**	**1,606**	**1,606**
Other payables	**–**	**230**	**230**	**230**
		1,836	**1,836**	**1,836**

	Weighted average interest rate	On demand or less than 1 month	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000
At 31 March 2017				
Non-derivative financial liabilities				
Trade payables	–	989	989	989
Other payables	–	520	520	520
Bank borrowings – variable-rate	3.75	4,839	4,839	4,839
		6,348	6,348	6,348

Bank borrowings with a repayment on demand clause are included in the "on demand on less than 1 month" time band in the above maturity analysis. As at 31 March 2017, the aggregate undiscounted principal amounts and interest of these bank borrowings amounted to HK$4,884,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, all bank borrowings with a repayment on demand clause are repayable within 1 year based on the repayment schedule.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

29. FINANCIAL INSTRUMENTS (continued)

29c. Fair value

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

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

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

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

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

	At 1 April 2016 HK$'000	Financing cash flows HK$'000	Other changes (note iv) HK$'000	At 31 March 2017 HK$'000
Amount due to a director (note i)	487	(487)	–	–
Bank borrowings (note ii)	–	4,839	–	4,839
Accrued interest expense (note iii)	–	(6)	24	18
	487	4,346	24	4,857

	At 1 April 2017 HK$'000	**Financing cash flows HK$'000**	**Other changes (note iv) HK$'000**	**At 31 March 2018 HK$'000**
Bank borrowings (note ii)	4,839	(4,839)	–	–
Accrued interest expense (note iii)	18	(181)	163	–
Accrued share issue costs	–	(9,789)	9,789	–
	4,857	(14,809)	9,952	–

Notes:

(i) The financing cash flows from amount due to a director make up the net amount of repayment to a director and dividend paid, and advance from a director in the consolidated statements of cash flows.

(ii) The financing cash flows from bank borrowings make up the net amount of bank borrowings raised and repayment of bank borrowings in the consolidated statement of cash flows.

(iii) The accrued interest expenses represent the interest expenses accrued for the bank borrowings which included in the line item of "accrued expenses and other payables". The financing cash flows from accrued interest expenses represent the interest paid in the consolidated statement of cash flows.

(iv) Other changes represent the finance costs and share issue costs during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

31. PARTICULARS OF SUBSIDIARIES

As at 31 March 2018 and 2017, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group		Principal activities
			2018	2017	
			%	%	
Directly held:					
Rosy Horizon	The BVI	USD4	100	100	Investment holding
Indirectly held:					
Inwell	Hong Kong	HK$100	100	100	Marketing, selling and distributing a wide range of beauty and health products

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSET		
Investment in a subsidiary	**37,316**	–
CURRENT ASSETS		
Deposit and prepayments	**299**	2,564
Bank balances	**62,369**	–
	62,668	2,564
CURRENT LIABILITIES		
Amount due to a subsidiary	**638**	–
Accrued expenses and other payables	**307**	–
	945	–
NET CURRENT ASSETS	**61,723**	2,564
NET ASSETS	**99,039**	2,564
CAPITAL AND RESERVES		
Share capital	**11,200**	–
Reserves (note)	**87,839**	2,564
	99,039	2,564

Note:

	Share premium HK$'000	**Other reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 4 November 2016 (date of incorporation)	–	–	–	–
Loss for the period	–	–	(8,672)	(8,672)
Deemed contribution from a shareholder*	–	11,236	–	11,236
At 31 March 2017	–	11,236	(8,672)	2,564
Loss for the year	–	–	(12,642)	(12,642)
Deemed contribution from a shareholder*	–	5,990	–	5,990
Effect of the Reorganisation	37,316	–	–	37,316
Capitalisation issue	(8,400)	–	–	(8,400)
Issue of shares	72,800	–	–	72,800
Cost of issuing new shares	(9,789)	–	–	(9,789)
At 31 March 2018	91,927	17,226	(21,314)	87,839

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

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**123,397**	103,424	82,106	48,598
PROFIT BEFORE TAX	**9,733**	13,255	21,051	8,614
INCOME TAX EXPENSE	**(3,698)**	(3,655)	(3,460)	(1,330)
PROFIT FOR THE YEAR	**6,035**	9,600	17,591	7,284

ASSETS AND LIABILITIES

	At 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**106,067**	37,071	24,029	13,355
TOTAL LIABILITIES	**(7,668)**	(10,518)	(7,076)	(4,193)
NET ASSETS	**98,399**	26,553	16,953	9,162

The results and assets and liabilities of the Group for the years ended 31 March 2015, 2016 and 2017 are extracted from the Company's prospectus dated 30 January 2018.