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

2018/19
ANNUAL REPORT

擇善美麗

Defining Clean Beauty

Insistence

No Animal Testing

Commitment To
Human Safety

No Harmful
Chemical Ingredients

Premium Source
Of Ingredients

Natural And Organic

Quality Assurance

Relocation of Causeway Bay Store

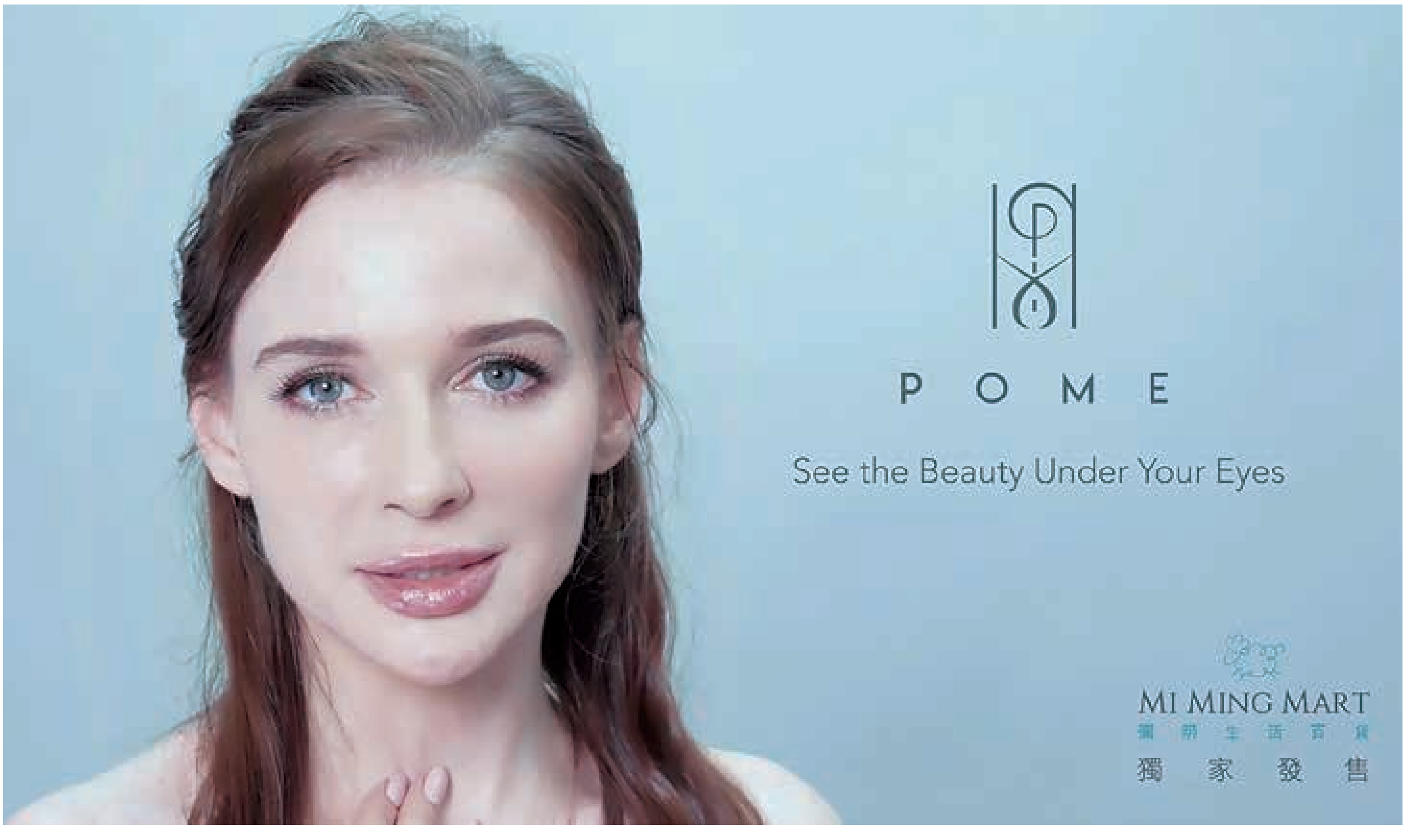
BRAND NEW LOOK OF MONGKOK STORE

BRAND NEW LOOK OF TSUEN WAN STORE

Opening of Kwun Tong Store

LISTING ANNIVERSARY SALE

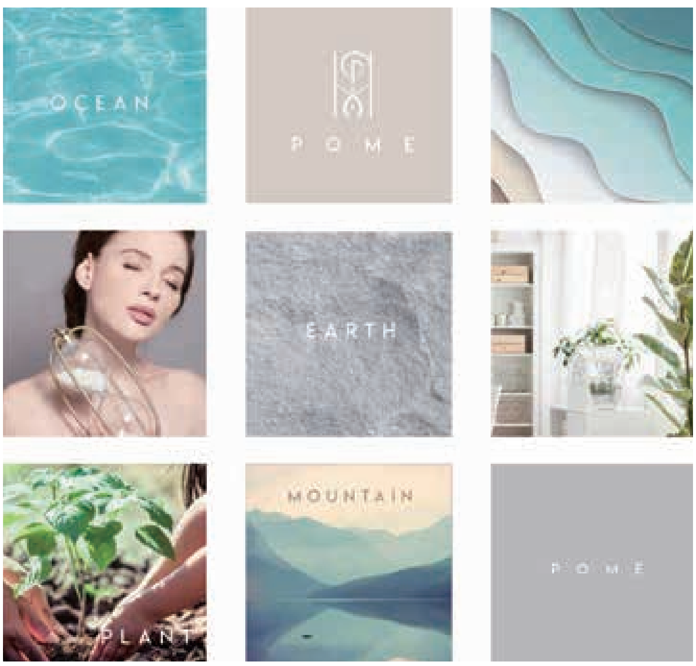
Television Commercial



SOCIAL MEDIA VIDEO MARKETING

INIKA ORGANIC LAUNCHING EVENT

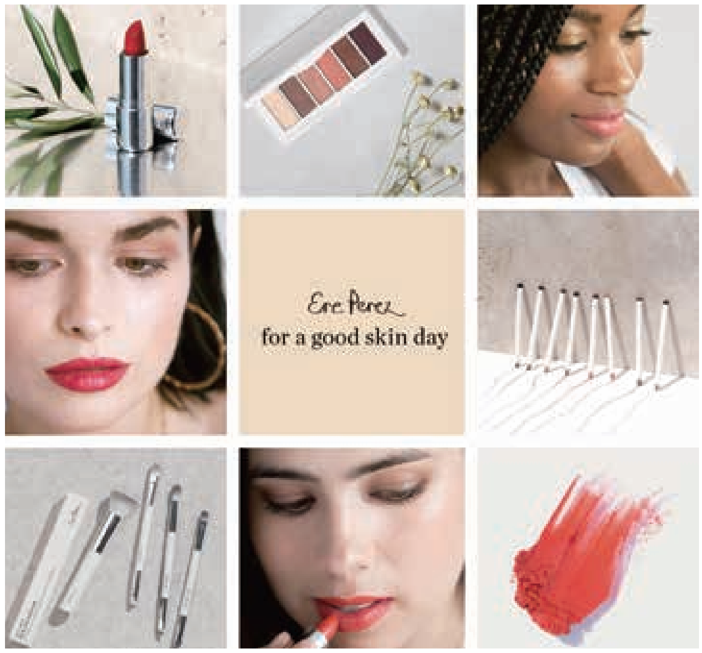
POME - Exclusive Brand



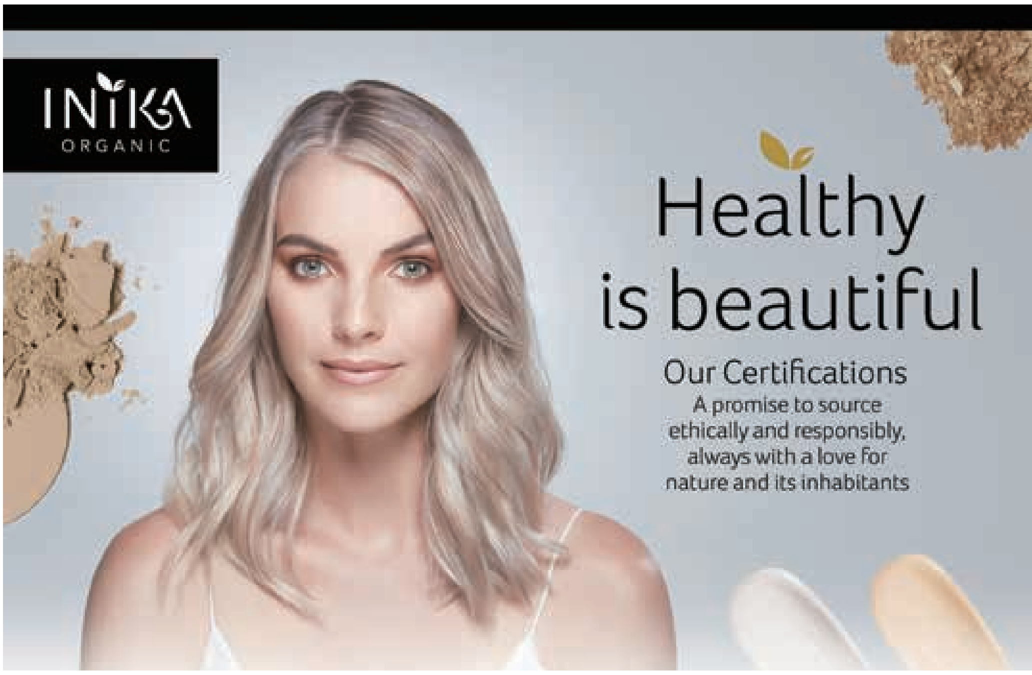
PLABEAU - Exclusive Brand

CERAMIRACLE - EXCLUSIVE BRAND

Ere Perez - Exclusive Brand

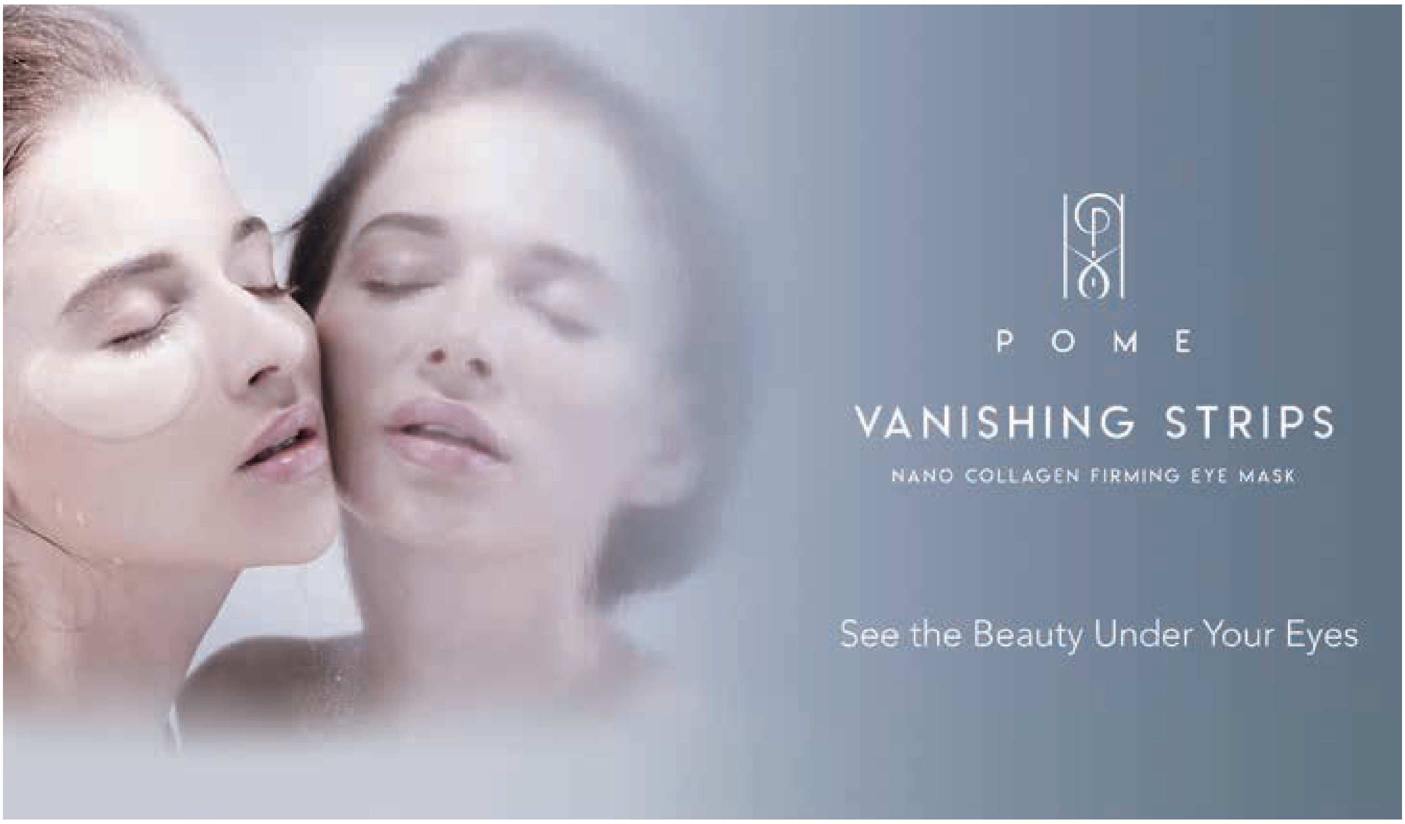


INIKA ORGANIC - EXCLUSIVE BRAND



LUTOOTH & MISSTIC - EXCLUSIVE BRAND

Worldwide Exclusive Products



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 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.

CONTENTS

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

COMPLIANCE OFFICER
Ms. Yuen Mimi Mi Wahng

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
16th Floor, Guangdong Tours Centre
18 Pennington Street
Hong Kong

COMPANY SECRETARY
Mr. Mak Yau Kwan

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

LEGAL ADVISER
TC & Co.
Units 2201-3, 22nd Floor
Tai Tung Building, 8 Fleming Road
Wanchai
Hong Kong

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

COMPLIANCE ADVISER
Kingston Corporate Finance Limited
72/F, The Center
99 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS
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
(new address with effect from 11 July 2019: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong)

PRINCIPAL BANKS
The Hongkong 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

COMPANY WEBSITE ADDRESS
www.mimingmart.com

STOCK CODE
8473

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 2019 to the shareholders of the Company (the "Shareholders").

Our Group is a multi-brand retailer, which operates ten retail stores under the brand of "MI MING MART" ("彌明生活百貨") in Hong Kong. In order to enhance our brand image and reinforce customer loyalty, our Group has embedded our philosophy of "defining clean beauty" ("擇善美麗") to select and offer quality products which do not contain any ingredients that, in our view, would adversely affect or impair the health of our customers. Our expansion plan, business strategies and philosophy contributed to the Group's continuous growth over the years.

REVIEW

The Group has experienced a steady revenue growth of approximately 21.3% as compared between the revenue in the two years ended 31 March 2019 and 2018. Such increase was primarily due to the increase in the sales through various distribution channels and the increase in the sales of skincare products and food and health supplements during the year ended 31 March 2019 as compared to that in the previous year.

The Group's profit attributable to the owners of the Company, excluding the non-recurring listing expenses and other non-recurring expenses, was increased by approximately HK$9.6 million or 53.4% from approximately HK$18.0 million for the year ended 31 March 2018 to approximately HK$27.6 million for the year ended 31 March 2019. The Board has recommended a final dividend of HK0.6 cent per share for the year ended 31 March 2019. Together with the interim dividend of HK0.9 cent already paid during the year, the amount of dividend per share for the year ended 31 March 2019 totalled HK1.5 cents.

PROSPECTS

Our team will stay focused on implementing our long-standing strategies to optimize operation, strengthen customer loyalty and provide a more exquisite shopping experience for customers. 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
- 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

18 June 2019

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2019, audited operating results of the Group were as follows:

– the Group recorded a revenue of approximately HK$149.7 million for the year ended 31 March 2019 (2018: HK$123.4 million), representing an increase of approximately 21.3% as compared to that in the previous year.

– the Group recorded a gross profit of approximately HK$93.5 million for the year ended 31 March 2019 (2018: HK$74.8 million), representing an increase of approximately 25.0% as compared to that in the previous year.

– Profit attributable to the owners of the Company for the year ended 31 March 2019 amounted to approximately HK$27.6 million (2018: HK$6.0 million). Excluding the non-recurring listing expenses and other non-recurring expense, the Group's profit attributable to the owners of the Company for the year ended 31 March 2019 amounted to approximately HK$27.6 million (2018: HK$18.0 million), representing an increase of approximately 53.4% as compared to that in the previous year.

– The Board has recommended a final dividend in respect of the year ended 31 March 2019 of HK0.6 cent (2018: nil) per ordinary share, in an aggregate amount of approximately HK$6.7 million (2018: nil), to shareholders whose names appeared on the register of members of the Company on Friday, 30 August 2019. Together with the interim dividend of HK0.9 cent per ordinary share already paid during the year, the amount of dividend per ordinary share for the year ended 31 March 2019 totalled HK1.5 cents.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a multi-brand retailer, which operates ten retail stores under the brand of "MI MING MART" ("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 has embedded our philosophy of "defining clean beauty" ("擇善美麗") to select and offer quality products which do not contain any ingredients that, in our view, would adversely affect or impair the health of our customers. The Group targets to serve and offer our products to customers who are ingredient conscious and aspire to the betterment of their health.

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased to approximately HK$149.7 million for the year ended 31 March 2019 from approximately HK$123.4 million for the year ended 31 March 2018, representing an increase of approximately 21.3%. The Directors believe that the increase in revenue was primarily due to (i) the business generated from the Group's two new retail stores in Tuen Mun and Tseung Kwan O, which did not operate for a full year in the previous year; (ii) the increase in the sales of the Group's retail store in Causeway Bay after it had been relocated to a prime shopping mall in the same district since June 2018; (iii) the increase in the sales volume of our skincare and food and health supplements products during the year ended 31 March 2019 as compared to that in the previous year; and (iv) the increase in online sales and sales to distributors.

For the year ended 31 March 2019, the revenue generated from the sale of our products accounted for approximately 99.7% of our total revenue, whilst consignment commission accounted for approximately 0.3% 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$56.2 million for the year ended 31 March 2019 from approximately HK$48.6 million for the year ended 31 March 2018, representing an increase of approximately 15.7% primarily as a result of the increase in sales during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK$93.5 million for the year 31 March 2019 from approximately HK$74.8 million for the year ended 31 March 2018, representing an increase of approximately 25.0%, whilst the Group's gross profit margin increased from approximately 60.6% to approximately 62.5% for the respective years. The increase of gross profit margin was mainly attributable to the increase in sales of higher gross profit margin products with exclusive distribution right.

Other income, gains and losses

Other income, gains and losses increased slightly to approximately HK$0.2 million for the year 31 March 2019 from approximately HK$0.1 million for the year ended 31 March 2018.

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK$33.3 million for the year ended 31 March 2019 from approximately HK$30.8 million for the year ended 31 March 2018, representing an increase of approximately 8.3%. The increase in the Group's selling and distribution expenses was primarily due to the net effect of (i) the increase in rent and rental related expenses of approximately HK$1.6 million as a result of the additional rental payments based on the increased sales achieved by certain retail stores pursuant to the terms of tenancy agreements and our retail stores in Quarry Bay, Tuen Mun and Tseung Kwan O, which did not operate for a full period in the previous year; (ii) the increase in salaries, allowances and commission of approximately HK$1.2 million primarily due to the increase in sales commission along with the growth in revenue; and (iii) the decrease in marketing expenses of approximately HK$0.3 million as the Group spent less on marketing campaign during the year ended 31 March 2019 as compared to that in the previous year.

Administrative and operating expenses

Administrative and operating expenses increased to approximately HK$26.9 million for the year ended 31 March 2019 from approximately HK$22.2 million for the year ended 31 March 2018, representing an increase of approximately 21.1%. Such increase was mainly due to (i) the increase in audit and compliance consultancy fee of approximately HK$2.4 million upon the listing on the GEM; (ii) the increase in staff costs of approximately HK$1.1 million relating to the increase in the number of staff headcount to support the Group's new retail stores as mentioned above; and (iii) the increase in Directors' emoluments of approximately HK$1.2 million due to an increased number of Directors and bonus for the Executive Directors.

Interest expense on bank borrowings

There was no interest expense on bank borrowings during year ended 31 March 2019 (2018: HK$163,000).

Other expense

There was no other expense incurred during the year ended 31 March 2019 (2018: HK$550,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Listing expenses

There were no listing expenses incurred during the year ended 31 March 2019 (2018: HK$11.4 million).

Income tax expense

The Group's income tax expense increased to approximately HK$5.8 million for the year ended 31 March 2019 from approximately HK$3.7 million for the year ended 31 March 2018, representing an increase of approximately 57.4% primarily as a result of the increase in revenue during the year.

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

As a result of the foregoing, the Group's net profit increased by approximately HK$21.6 million or approximately 357.8% from approximately HK$6.0 million for the year ended 31 March 2018 to approximately HK$27.6 million for the year ended 31 March 2019, whilst the Group's net profit margin increased from approximately 4.9% to approximately 18.5% for the respective years.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 31 March	
	2019	2018
Current ratio *(Note)*	**10.5**	13.2

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

The current ratio of the Group was 10.5 times and 13.2 times as at 31 March 2019 and 2018, respectively. The slight decrease in current ratio was mainly due to (i) the increase in accrued expenses and other payables of approximately HK$1.8 million as result of the increase in accrued staff cost and compliance expense and (ii) the increase in tax payable of approximately HK$0.9 million due to the increase in income tax expense as mentioned above.

The Group's management closely monitors the Group's cash flow position to ensure that 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, accrued expenses and other payables, administrative and capital expenditures of the Group to prepare the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally finances its capital expenditure and operational requirements through cash generated from operations and the net proceeds from the share offer of the Company's shares on the GEM on 12 February 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2019, 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 2019, there was no significant investment held by the Group (2018: nil).

CAPITAL STRUCTURE

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

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

CAPITAL COMMITMENT

On 28 February 2019, an indirect wholly-owned subsidiary of the Company, the vendors and the agent entered into a provisional sale and purchase agreement pursuant to which the Group conditionally agreed to purchase and the vendors conditionally agreed to sell the sale shares, being in aggregate the entire issued share capital of CI CI Investment Limited (the "Target Company"), and sale debt at the consideration of HK$28,780,000 which is subject to the completion adjustment and the post-completion adjustment ("Acquisition"). The Target Company is principally engaged in property holding in which Units B1 & B2 on 10th Floor, Fortune Factory Building, No. 40 Lee Chung Street, Hong Kong (the "Property") is its only asset. Details of the Acquisition are set out in the circular issued by the Company dated 26 April 2019.

As at 31 March 2019, an amount of HK$2,878,000 has been paid as deposits for the Acquisition. The outstanding capital expenditure in respect of the acquisition of the Target Company amounted to HK$25,902,000. As at the date of this annual report, the Acquisition has been completed and the outstanding capital expenditure have been paid.

As at 31 March 2018, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liabilities (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board has recommended a final dividend of HK0.6 cent per share for the year ended 31 March 2019, in an aggregate amount of approximately HK$6.7 million to shareholders whose names appeared on the register of members of the Company on Friday, 30 August 2019. Together with the interim dividend of HK0.9 cent per ordinary share already paid during the year, the amount of dividend per ordinary share for the year ended 31 March 2019 totalled HK1.5 cents. No interim or final dividend have been proposed or paid for the year ended 31 March 2018.

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of good relationship with employees. The Directors believe that good work environment and benefits offered to employees contribute 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 that 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 to retain a competent team of executive members.

A Remuneration Committee has been 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 2019, the Group employed a total of 73 (2018: 72) full-time employees and 15 (2018: 12) part-time employees. The staff cost, including Directors' emoluments, of the Group for the year ended 31 March 2019 was approximately HK$27.9 million (2018: HK$24.4 million). The Company maintains a Share Option Scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this annual report, no option has been granted under the Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2019, the Group has entered into a provisional sale and purchase agreement pursuant to which the Group conditionally agreed to purchase and the vendors conditionally agreed to sell the sale shares of the Target Company (the "Acquisition"). The Target Company is principally engaged in property holding of the property situated at Units B1 and B2, 10/F., Fortune Factory Building, 40 Lee Chung Street, Hong Kong (the "Property"). As at the date of this annual report, the Acquisition has been completed. Please refer to the circular and announcement issued by the Company on 26 April 2019 and 31 May 2019, respectively, for details of the Acquisition and completion of the Acquisition.

Save as the Acquisition as mentioned above and for those in relation to the reorganisation 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"), during the year ended 31 March 2019, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the Acquisition as mentioned above, as at 31 March 2019, the Group did not have other plans for material investments or capital assets (2018: nil).

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 2019.

Business plan up to 31 March 2019 as set out in Prospectus	Actual progress up to 31 March 2019
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	
– Open four retail stores, one in Kowloon Bay, one in Mongkok, one in Tai Po and one in Causeway Bay	During the period under review, the Group has received several tenancy offers from landlords in Kowloon Bay, Mongkok and Tai Po. However, due to the customer traffic, our management considered that locations of the premises as mentioned above are not suitable. The Group is still in the process of identifying alternative premises. Originally the Group planned to open a retail store in Kwun Tong in August 2019. Due to the availability of a suitable premises, the Group has entered into agreement for leasing such premises. The Kwun Tong retail store has commenced business in April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business plan up to 31 March 2019 as set out in Prospectus	Actual progress up to 31 March 2019
	Originally, the Group planned to open a second retail store in Causeway Bay in December 2018. However, in view of cost effectiveness, the Group has changed the original shop opening plan and relocated its retail store in Causeway Bay to a bigger premises which is double in size in the same district in June 2018 with the capacity to serve more customers.
– Recruitment of 20 new staff members	Owing to the postponed shop expansion plan in Mongkok, Kowloon Bay and Tai Po as mentioned above, the Group did not recruit additional staff members originally planned for these retail stores.
	As mentioned above, due to the relocation of our Causeway Bay retail store and the opening of our Kwun Tong retail store, we have recruited five additional staff members to cater for the manpower required.
– Recruitment of a shop expansion manager and payment of his/her salaries	The Group has recruited a shop expansion manager.
– Refurbishing four existing retail stores	The Group has refurbished three existing retail stores. The renovation work of our Tsim Sha Tsui retail shop is expected to be completed in late 2019.
Acquire a warehouse	
– Partial payment for acquiring the warehouse	The Group has paid deposits for acquiring the Property through acquisition of the Target Company. (Note)

Note: As at the date of this annual report, the Acquisition has been completed.

Expand our product portfolio and explore new suppliers	
– Recruitment of a product expansion manager and payment of his/her salaries	The Group has recruited a product expansion manager. As the net proceeds received from the share offer during Listing is higher than our expectation, the Group has recruited additional staffs to support the product expansion work.
– Attending trade fairs, exhibitions and conducting feasibility studies and research on new products and markets	During the period under review, representatives of the Group have attended trade fairs in Korea and the United States. The representatives of our Group have attended a trade fair in Japan in May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business plan up to 31 March 2019 as set out in Prospectus	Actual progress up to 31 March 2019
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 has recruited a contractor to perform research and development for transforming our website into an information portal and revamping our online shop.
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 2019.
– 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 2019 and the actual utilisation are set out below:

	Planned use of net proceeds up to 31 March 2019 (adjusted on a pro rata basis on the actual net proceeds) HK$'000	Actual usage of net proceeds up to 31 March 2019 HK$'000
Expand our retail network by opening more retail stores and refurbishing our existing retail stores	9,217	3,060
Acquire a warehouse	13,181	2,878
Expand our product portfolio and explore new suppliers	856	616
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	5,415	5,208
Conduct system improvement and integration	1,288	750
General working capital	1,406	1,406

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 Directors believe that the Group's success is attributable to the brand image of "MI MING MART" ("彌明生活百貨"), which emphasises its offer of quality beauty and health products selected by our senior management team, reinforcing its customers' confidence in the Group's products and building up its customers' loyalty to the Group's brand. The Group believes that 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.

The Group aims to expand our sales network and product portfolio to enhance our competitiveness and maintain our leading position in the small and medium segments of the skincare and cosmetics multibrand specialty retailers' market in Hong Kong. Going forward, the Group will gradually carry out the implementation plans as set out in the Prospectus. With our comprehensive knowledge in both the skincare and cosmetics market and the health supplements market in Hong Kong, the Directors believe that the Group is well-positioned to capture the growth.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Yuen Mi Ming Erica (袁彌明), aged 38, 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 13 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 ten 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 46, 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 ten 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 42, 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 39, 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 the 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 39, was appointed as an Independent Non-executive Director on 23 January 2018.

Ms. Chan has over nine 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 soliciting support from internal and external stakeholders to support or facilitate building up of strong and sizable biomedical technology cluster in the Hong Kong Science Park. From February 2017 to November 2018, Ms. Chan rejoined Celgene Limited as a senior key accounts manager, leading the operation of the company in Hong Kong and managing the sales performance of the company in Hong Kong. Since April 2019, Ms. Chan joined Arbele Limited as a consultant where she is providing consulting services to Arbele Limited regarding matters related to strategic planning and business development.

Ms. Chan obtained a Bachelor's Degree of Science in Biochemistry with honours from the Queen's University in Canada in May 2002. She obtained a Master's Degree of Science from the University of Toronto in Canada in November 2004 and a Master's Degree of Business Administration from The Hong Kong University of Science and Technology in November 2014. In December 2009, Ms. Chan obtained a Doctor of Philosophy Degree from The University of Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Shum Wai Sze (沈慧施), aged 43, was appointed as an Independent Non-executive Director on 23 January 2018.

Ms. Shum has over 13 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 47, 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 15 years of experience in the field of corporate finance.

Ms. Tsang obtained a Bachelor's Degree in Business Administration from The University of Hong Kong 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 41, was our logistics manager since November 2015 and became our head of the Logistics Department in May 2017. He is responsible for overseeing the logistics operation, developing and implementing repackaging procedures and monitoring and implementing the ISO 9001-compliant quality management system.

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

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

Mr. Mak Yau Kwan (麥又焜), aged 32, was appointed as our Company Secretary on 11 January 2017. He was our finance manager since January 2016 and was promoted to the position of 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 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 32 to 36 of the annual report for the year ended 31 March 2019.

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.

The Board has held 4 meetings during the year ended 31 March 2019 and the Directors' attendance records are as follows:

Name of Directors	Attendance
Ms. Yuen Mi Ming Erica	4/4
Ms. Yuen Mimi Mi Wahng	4/4
Mr. Cheung Siu Hon Ronald	4/4
Mr. Lam Yue Yeung Anthony	4/4
Ms. Chan Sze Lai Celine	3/4
Ms. Tsang Wing Yee	4/4
Ms. Shum Wai Sze	4/4

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.

The Company has deviated from the CG Code since Ms. Erica Yuen is both the chairlady of the Board and the chief executive officer of our Company. The Board believes that it is necessary to vest the roles of the chairlady and the chief executive officer in the same person as Ms. Erica Yuen has been operating and managing our Group since 2009 and is a prominent social media icon on one of the most popular social media platforms. The dual role arrangement provides strong and consistent market leadership and is critical for effective management and business development. As all major decisions are made in consultation with the members of the Board, and there are three Independent Non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Independent Non-executive Directors

During the Relevant Period, the Board at all times met the requirements of Rule 5.05 of the GEM Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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.

Article 108(a) of the Articles of Association of the Company provides that 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.

In accordance with Article 108(a) of the Articles of Association of the Company, Ms. Shum Wai Sze, Ms. Tsang Wing Yee and Ms. Chan Sze Lai, Celine will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Responsibilities of the Directors

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

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

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

Board Diversity Policy

The Board adopted a Board Diversity Policy on 15 June 2018 which sets out the approach to achieve diversity of the Board. The Board has on 27 December 2018 adopted a Diversity Policy to replace the Board Diversity Policy adopted on 15 June 2018. This Diversity Policy sets out the approach to achieve diversity on the Company's Board and Senior Management.

The Board recognizes and embraces the benefits of diversity in the Board and Senior Management and believes that it will enhance decision-making capability and a diverse Board and Senior Management is more effective in dealing with organizational changes and less likely to suffer from group thinking. The Company seeks to achieve board diversity through the consideration against a range of objective criteria, including but not limited to gender, age, nationality, cultural and educational background, skills and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Company.

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

	Age Group		
Name of Directors	**Below 40**	**41-45**	**46 and above**
Ms. Yuen Mi Ming Erica	✓		
Ms. Yuen Mimi Mi Wahng			✓
Mr. Lam Yue Yeung, Anthony		✓	
Mr. Cheung Siu Hon, Ronald	✓		
Ms. Chan Sze Lai, Celine	✓		
Ms. Shum Wai Sze		✓	
Ms. Tsang Wing Yee			✓

	Professional Experience				
Name of Directors	**Skin care and cosmetics industry/ Pharmaceutical Industry**	**Marketing**	**Accounting and Finance**	**Media and Communication**	**Event Management**
Ms. Yuen Mi Ming Erica	✓	✓			
Ms. Yuen Mimi Mi Wahng	✓				
Mr. Lam Yue Yeung, Anthony				✓	
Mr. Cheung Siu Hon, Ronald		✓			✓
Ms. Chan Sze Lai, Celine	✓				
Ms. Shum Wai Sze			✓		
Ms. Tsang Wing Yee			✓		

CORPORATE GOVERNANCE REPORT

Measurable Objectives and Selection

The Board will take opportunity to increase the proportion of male members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

Implementation and Monitoring

The Nomination Committee will monitor the implementation of the Board Diversity Policy and report to the Board annually.

Indemnity of the Directors

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

Continuous Professional Development of Directors

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

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

Directors are advised to participate in appropriate continuous professional development to develop and refresh their knowledge and skills. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Prior to the Listing Date, the Company organized a training session conducted by a 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.

CORPORATE GOVERNANCE REPORT

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 and the Hong Kong Stock Exchange	Reading materials updating on GEM Listing Rules amendments
Executive Directors		
Ms. Yuen Mi Ming Erica	✓	✓
Ms. Yuen Mimi Mi Wahng	✓	✓
Non-Executive Directors		
Mr. Cheung Siu Hon Ronald	✓	✓
Mr. Lam Yue Yeung Anthony	✓	✓
Independent Non-Executive Directors		
Ms. Chan Sze Lai Celine	✓	✓
Ms. Tsang Wing Yee	✓	✓
Ms. Shum Wai Sze	✓	✓

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 Board has on 27 December 2018 revised the Terms of Reference of the Audit Committee which was adopted on 23 January 2018. The revised Terms of Reference has been posted on the websites of the Company and the Stock Exchange.

The Terms of Reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external 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. The Audit Committee held four meetings during the year ended 31 March 2019 to review and approve the Group's quarterly, interim and annual reports before submission to the Board for approval.

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

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

Name of members of the Audit Committee	**Attendance**
Ms. Tsang Wing Yee *(Chairlady)*	4/4
Ms. Chan Sze Lai, Celine	4/4
Ms. Shum Wai Sze	4/4

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. A copy of the Terms of Reference has been posted on the websites of the Company and the Stock Exchange.

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

The Remuneration Committee shall meet not less than once every year. The Remuneration Committee has held one meeting during the year ended 31 March 2019. The attendance records of the members of the Remuneration Committee are as follows:

Name of members of the Remuneration Committee	**Attendance**
Ms. Chan Sze Lai Celine *(Chairlady)*	1/1
Ms. Yuen Mi Ming Erica	1/1
Ms. Shum Wai Sze	1/1

Details of the remuneration of the individual Directors and senior management by band are set out in note 11 in the Notes to the Audited Financial Statements for the year ended 31 March 2019.

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. A copy of the Terms of Reference has been posted on the websites of the Company and the Stock Exchange.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

The Nomination Committee has held one meeting during the year ended 31 March 2019. The attendance records of the members of the Nomination Committee are as follows:

Name of members of the Nomination Committee	**Attendance**
Ms. Yuen Mi Ming Erica *(Chairlady)*	1/1
Ms. Chan Sze Lai Celine	1/1
Ms. Shum Wai Sze	1/1

Nomination Policy

A Nomination Policy has been adopted by the Board on 27 December 2018 to enable the Nomination Committee to consider and make recommendations to the shareholders for election as Directors at general meetings or to the Directors for appointment to fill casual vacancies.

CORPORATE GOVERNANCE REPORT

Selection Criteria

In considering the nomination of new Directors, the Nomination Committee will consider the following criteria in evaluating and selecting candidates for directorship:

(1) Character and integrity;

(2) Qualifications including professional qualification, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(3) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(4) Requirements for the Board to have Independent Non-executive Directors in accordance with the GEM Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 5.09 of the GEM Listing Rules;

(5) Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(6) Such other perspectives appropriate to the Company's business.

Nomination Procedure

Subject to the provisions of the Articles of Association and the GEM Listing Rules, if the Board recognizes the need for an additional Director or a member of senior management, the following procedure will be followed:

(A) Appointment of a new Director

- (1) The Nomination Committee shall, upon receipt of the proposal on appointment of new director and biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria set out in the Nomination Policy to determine whether such candidate is qualified for directorship;

- (2) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

- (3) The Nomination Committee shall then recommend to appoint the appropriate candidate for directorship; and

- (4) For any person that is nominated by a shareholder for election as a Director at a general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria set out in the Nomination Policy to determine whether such candidate is qualified for directorship and where appropriate, the Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of Directors at the general meeting.

CORPORATE GOVERNANCE REPORT

(B) Re-election of Directors at General Meeting

(i) The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board;

(ii) The Nomination Committee shall also review and determine whether the retiring Director continues to meet the criteria set out in the Nomination Policy;

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision 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 2019.

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.

The Company has developed a Disclosure Policy to provide the Company's Directors, senior management and relevant employees a general guide in handling confidential/inside information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and put forward to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules and the Securities and Futures Ordinance will be announced on the websites of the Company and the Stock Exchange.

The Board has conducted an annual review of the risk management and internal control systems in June 2019 and confirmed that the systems are effective and adequate.

Dividend Policy

The Company has on 27 December 2018 adopted a Dividend Policy that aims to provide guidelines for the Board to determine whether dividends are to be declared and paid to the shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the amount of dividend payable, the Board shall take into consideration the Company's future operations, earnings, capital requirements, surplus, general financial condition and such other factors that the Directors consider appropriate.

Any declaration and payment as well as the amount of dividend will also be subject to the Articles of Association of the Company and the Companies Law of the Cayman Islands, including (where required) the approval of the shareholders of the company. There is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2019.

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 77 to 81.

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 2019 is set out below:

Service Category	**Fees Paid/Payable**
	HK$'000
Audit Services	1,142
Non-audit Services	
– Others	30
	1,172

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 2019.

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.

CORPORATE GOVERNANCE REPORT

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.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company at 16/F., Guangdong Tours Centre, 18 Pennington Street, Hong Kong marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles.

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 publications which include announcements and circulars on the Company's website and the Stock Exchange's website.

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

Contact Details

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

Address: 16/F., Guangdong Tours Centre, 18 Pennington Street, Hong Kong (For the attention of the Company Secretary)

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

CONSTITUTIONAL DOCUMENTS

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

OUR COMMITMENT AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The board of directors (the "Board") of Mi Ming Mart Holdings Limited (the "Company") and its subsidiaries (collectively "we", "us" ours", or the "Group") 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, working together with the management has taken the overall responsibility to assess and identify ESG risks associated with the Group for the purpose of ESG strategy and reporting, and has a far-reaching commitment to promote environmentally and socially sustainable culture among all our employees to maintain sustainable growth for the Group.

Using a top-down approach, we assimilate ESG concepts into our daily operations at the workplace through the Group's policies and guidelines, so that each of our employees becomes the ambassador of our sustainability efforts, thus ensuring that the scope of the efforts is sufficiently broad to cover the significant parts of our businesses.

REPORTING STANDARD, PERIOD AND SCOPE

This report ("ESG Report") has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (Appendix 20 of the GEM Listing Rules) of The Stock Exchange of Hong Kong Limited. The ESG Report describes the progress of ESG efforts made by the Group for the period from 1 April 2018 to 31 March 2019 (the "Reporting Period") in formulating policies, monitoring its progress and reporting to investors and other stakeholders. The reporting scope covers the head office, the ten retail stores and the warehouse which were all located in Hong Kong.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group values its stakeholders and thus we endeavour to understand and accommodate their views and interests related to ESG through constructive communication and the fostering of strong working relationships. The Company, while formulating operational strategies, takes into account the stakeholders' expectations in ESG through their mutual cooperation and active engagement, in doing so creating value not only for our business, but also for our environment, our employees and our community.

In order for us to report on the most important issues, during the Reporting Period the Group has been assessed in accordance with the ESG aspects as set out in the ESG Reporting Guide. These key issues were identified as "environmental protection", "employment standards", "operating practices" and "community involvement". Based on these results, the Company will continue to improve its ESG performance to meet stakeholders' expectations. Details of our work under these ESG aspects during the Reporting Period will be presented in four sections, namely "Our Environment", "Our Employees", "Our Business" and "Our Community".

OUR ENVIRONMENT

The Group is aware of the risk associated with climate change and the importance of the efforts in managing these risks in the global community. Although the Group does not engage in activities that have a significant environmental impact, it has been our mission to conduct our business in a manner that is environmentally responsible as far as possible, minimising the adverse impact to the environment from our business operations however small it may be.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

The Group is also committed to complying with all applicable environmental laws and regulations. During the Reporting Period, the Company has not received any related complaint nor has it breached 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 345O of the Laws of Hong Kong) (2018: Nil).

In this section we shall detail the ESG performances of the Group with regards to emissions and waste, use of resources, and environment and natural resources.

Aspect A1: Emissions and Wastes

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 Group during the Reporting Period were as follows:

		For the year ended 31 March			
(Units: Kilograms)		**2019**		**2018**	
Types of air emissions	**Air emission source**	**Volume emitted**	**Intensities**	**Volume emitted**	**Intensities**
Nitrogen Oxides (NOx)		0.30	0.03	0.36	0.04
Sulphur Oxides (SOx)	Use of company vehicle	0.01	<0.01	0.01	<0.01
Particulate Matter (PM)		0.02	<0.01	0.03	<0.01

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

(Units: tonnes of CO_2e)		For the year ended 31 March 2019		2018	
Greenhouse gas emissions	**Emission source(s)**	**Volume emitted**	**Intensities**	**Volume emitted**	**Intensities**
Scope 1 Direct emissions	Use of company vehicle	1.11	0.12	1.50	0.16
Scope 2 Energy indirect emissions	Purchased electricity	87.06	9.67	76.00	8.44
Scope 3 Other indirect emissions	• Electricity use for fresh water and sewage processing by government departments • Paper disposal at landfill	2.89	0.32	1.90	0.21
Total		91.06	10.12	79.40	8.82

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 Reporting Period, a total of approximately 87 tonnes of Scope 2 GHG emissions were emitted, representing a monthly average emission of approximately 7.25 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 approximately 2.89 tonnes during the Reporting Period, of which approximately 2.86 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 approximately 1.11 tonnes, produced from the use of company motor vehicle.

The air and GHG emissions of the Group remained at a fairly low level during the Reporting Period, nonetheless in an effort to implement our ESG strategy the Group has implemented environmental protection measures to manage our emission levels in the later section headed "environmental protection measures".

Wastes

Wastes generated by the Group are non-hazardous in nature. Major wastes generated by the Group 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 Group as described in the later section headed "environmental protection measures", the amount of wastes generated during the Reporting Period 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 is 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 is water, though its use remains minimal since it was mainly used in the pantries and toilets. Other than water, paper is used mainly for printing at the head office.

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

		For the year ended 31 March			
		2019		2018	
Energy and Resources	**Units**	**Consumption amount**	**Intensities**	**Consumption amount**	**Intensities**
Electricity	kWh	120,118	13,346	104,768	11,641
Water	Tonnes	89	10	101	11
Paper	Kilograms	596	66	389	43

The energy and resource consumption during the Reporting Period remain fairly low. Nonetheless, energy and resource conservation are essential parts of the ESG strategy of the Company which will be detailed in the later section titled "environmental protection measures".

Aspect A3: Environment and Natural Resources

The Group does not use any natural resources in the process of its business, and hence the adverse impact on the environment or natural resources was minimal during the Reporting Period. Nonetheless the Company is well aware of the importance in environmental protection, and has adopted policies and a range of measures to minimize current impact and manage any potential adverse impact in the future, persisting in conducting our business in an environmentally responsible manner. These policies and measures are described below:

Environmental Protection Measures

The Group is committed to environmental protection and hence 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. These measures which are regularly carried out to achieve our ESG strategy in the course of our business operations include:

- 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- 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.

- 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 the Company's policies and to align our practices, one of which is fostering environmental protection awareness.

- Using reusable plastic box in our warehouse to ship the products to the retail stores.

- The renovation of the retail stores are kept simple. All reusable materials in the retail stores will be reused within the 10 retail stores, e.g. the display board, festival decoration and showcase.

- Doing all promotion online instead of printing out leaflet to reduce the consumption of paper.

OUR EMPLOYEES

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 this section we shall detail the ESG performances of the Group with regards to employment, health and safety, development and training, and labour standards.

Aspect B1: Employment

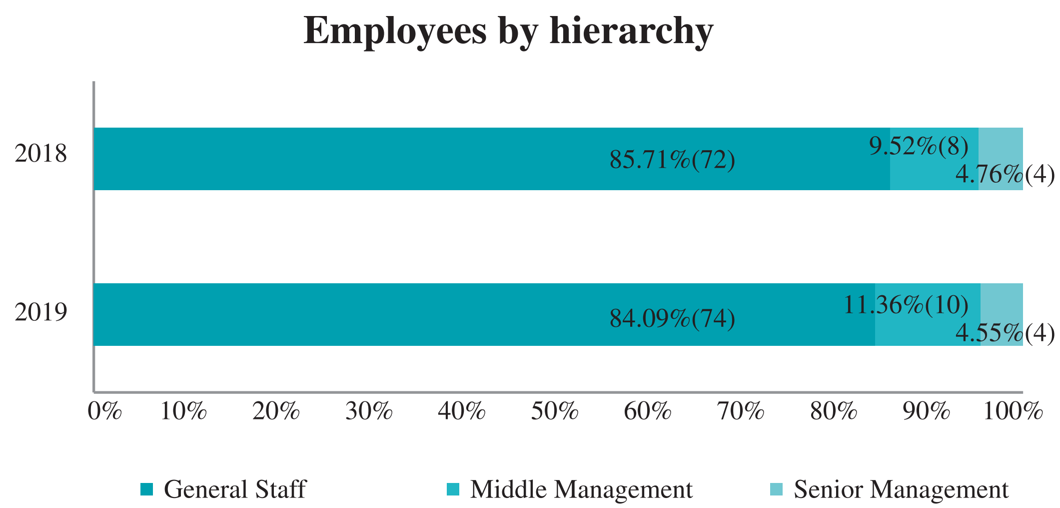
In order to foster a fair, honest, safe and comfortable working environment for all of our employees, the Company has formulated a set of human resources policies written in the staff handbook in respect of remuneration, commission, recruitment and promotion, dismissals, working hour and leave entitlements 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.

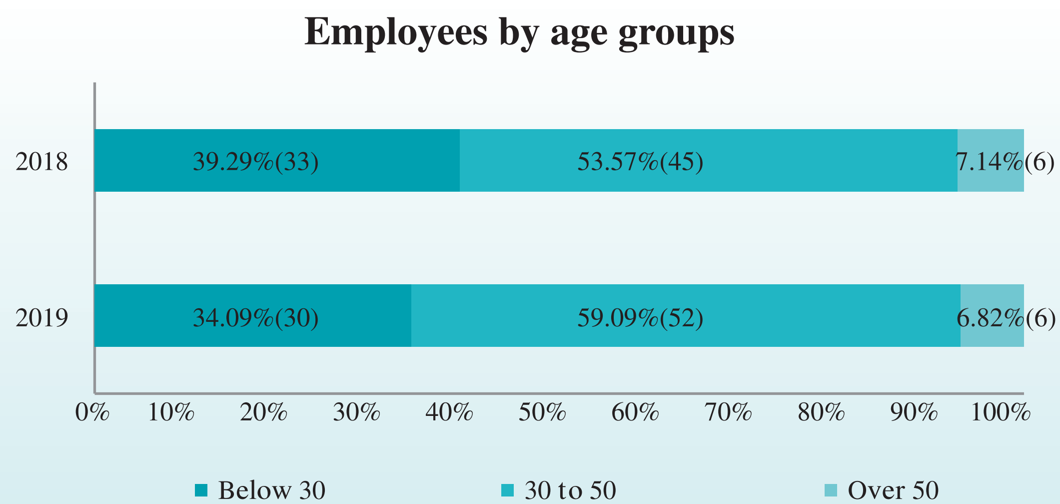
Through the implementation of these policies, employee recruitment and remuneration decisions are made on the basis of merits and working experience, including qualifications, industrial expertise, general aptitude and competence for the job the candidates applying for. As a Company which is committed to equal opportunity, our policies have ensured that 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 2019, the Group had a total of 88 employees, all of them were employed in Hong Kong. The workforce categorised by hierarchy and age groups is depicted below:



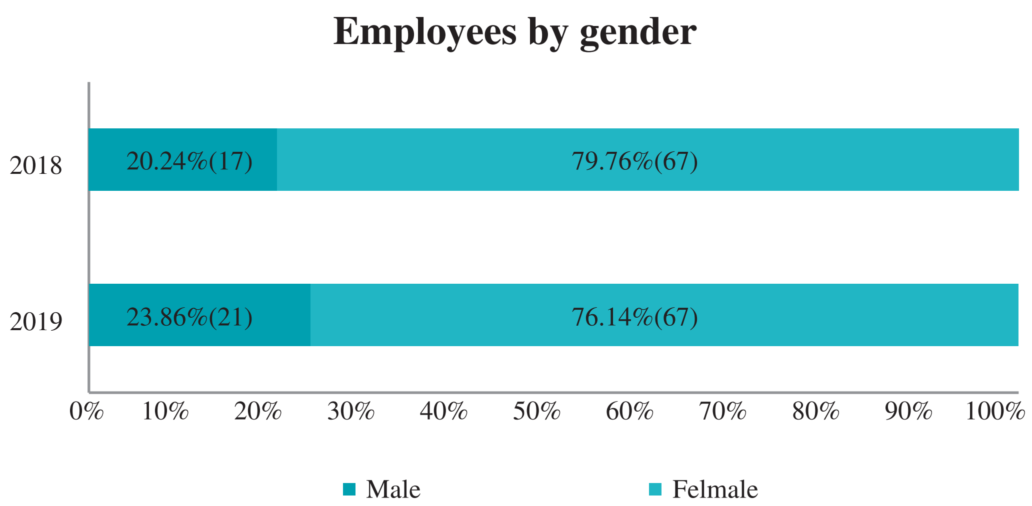


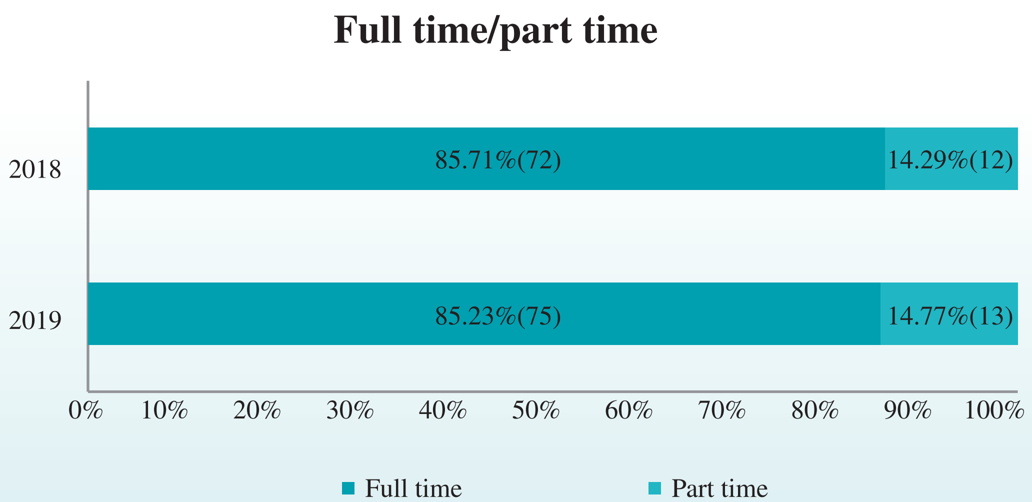
In total there were 74 general staff, 10 middle management employees, and 4 senior management employees. Employees in the senior management roles are CEO, COO, Financial Controller and the Head of Logistics Department, who are experienced individuals responsible for making strategic-level decision, as 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 2019, our workforce was predominantly in the "30 to 50" age group, accounting for 59% of the workforce, while approximately 34% belonged to the "below 30" group, and the remaining approximately 7% belonged to employees over 50 years old.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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





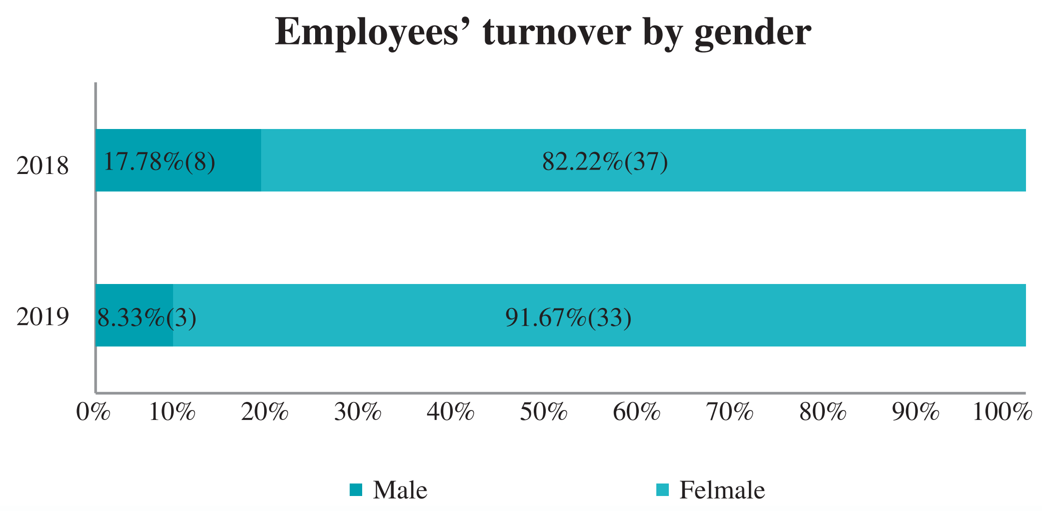
The majority of the Group's employees were full-time employees. As at 31 March 2019, there were 73 full-time versus 15 part-time employees. The majority of part-time employees were beauty specialist and consultants who work at our retail stores.

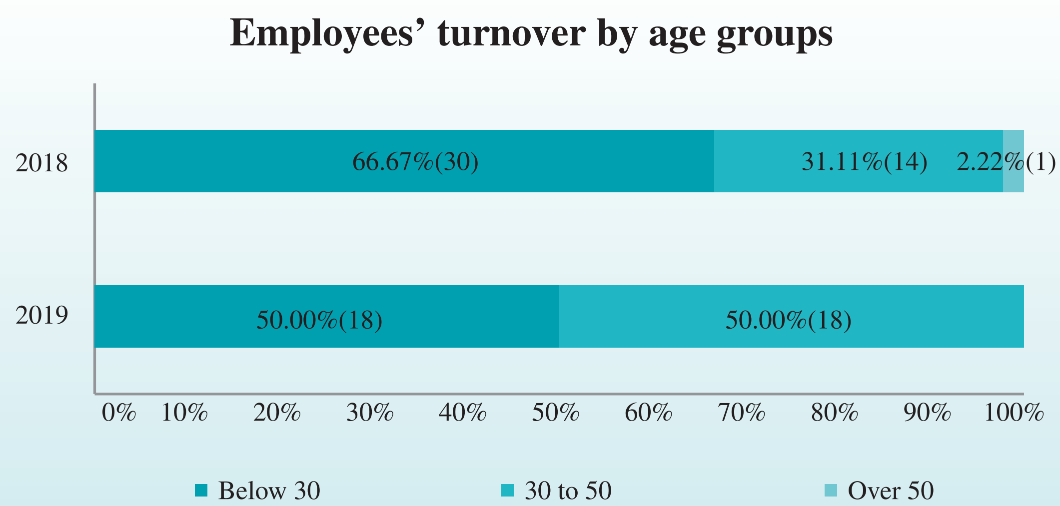
There were 67 female and 21 male employees, with a female-to-male ratio of approximately 3:1 compared to 4:1 last year, tending towards an equal balance between male and female. The ratio of female employees remains higher due to the higher percentage female general staff required as front-line employees to facilitate the sales and to give advice on products which predominantly appeal only to females, such as make-up and cosmetic products.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee turnover

During the Reporting Period, a total of 36 employees left the Group compared to 45 employees last year, showing improvement in employees' retention. The ratio of employee turnover categorised by gender and age groups are as follows:





All the employee turnover was from the general staff category during the Reporting Period, compare to 2 employees (4.44%) from the middle management category and 43 (95.56%) from the general staff category last year, showing a high retention rate of employees on the middle and senior management categories.

Retaining talents

The Group 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 Group 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 Group 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 Group. To that end, the Company has stipulated a 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 Reporting Period, there was no breach in the compliance of the Employment Ordinance, the Employees' Compensation Ordinance, Minimum Wage Ordinance or any other applicable employment laws and regulations in Hong Kong (2018: Nil).

Aspect B2: Health and Safety

The Company is committed to maintaining and improving the well-being of our employees and customers, hence when working and visiting our stores, offices and warehouse their health and safety is extremely important to us.

To foster health and safety awareness among our employees, we have developed training plans which regularly provide training related to occupational health and safety to our employees, equipping them with essential knowledge on occupational hazard mitigation. For more details on our employees' training programme, please refer to the next section "Aspect B3: Development and Training".

In addition, the Company is committed to ensuring the compliance of the latest building and fire safety requirements, in particular with regards to any renovations or modifications of existing retail stores, offices and warehouse. During the Reporting Period, the Group had no significant cases of workplace injury and lost days due to these injuries (2018: Nil), and had fully complied with the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and subsidiary legislation relating to the planning, design and construction of buildings and associated works, and had 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. Through the implementation of these policies, the Company provides both internal and external trainings such as those held by Hong Kong Retail Management Association.

On-the-job training opportunities for all levels of employees are also provided. The Company's management staff also visits all retails shops in a regular 2 weeks cycle to provide trainings as well as receiving feedback from staff. These visits also serve to ensure the servicing quality of the retail staff.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Trainings on corporate culture, management skills, sales skills, soft skills, product information and health & occupational safety are planned to be held throughout the Reporting Period. These trainings enable our staff to keep abreast of the latest developments in product knowledge, safety and health at work, as well as other compliance related matters. Summary of training is present as below:

	For the year ended 31 March					
	2019			2018		
	Number of employees*	Total training hours	Average training hours	Number of employees*	Total training hours	Average training hours
By gender						
Male	21	172	8.19	17	50	2.94
Female	67	586	8.75	67	237	3.54
Total	88	758	8.61	84	287	3.42
By hierarchy						
Senior Management	4	32	8.00	4	16	4.00
Middle Management	10	128	12.80	8	41	5.13
General staff	74	598	8.08	72	230	3.19
Total	88	758	8.61	84	287	3.42

* As at 31 March

Other than training, the Company have regular gathering, culture day, spring and annual dinner which are all excellent opportunities for staff to be more accustomed to our corporate culture, for management staff to facilitate their team building, as well as for staff own personal career development.

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.

Through the implementation of our policies, such as the code of conduct, unethical business practices, such as child and forced labour, are strictly prohibited by the Company. We actively detect and prevent these practices through our regular internal quality audit, 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR BUSINESS

Driven by the Company's philosophy "defining clean beauty" ("擇善美麗"), the Company endeavors to select and offer products that do not contain ingredients that, in our view, would adversely affect or impair the health of customers or others.

The Company have a list of blacklist ingredients following the Environmental Working Group, a non-profit, non-partisan organization dedicated to protecting human health and the environment, the supplies' products must not contain any ingredients in the list, and those products must be cruelty-free and environmental-friendly.

Aspect B5: Supply Chain Management

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 that 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 Reporting Period.

Among many others there are the brand of products "INIKA" which are certified to contain more than 70% certified organic ingredients, bio-degradable, contain no animal derivatives, and never tested on animals or contain ingredients which are a result of animal cruelty. It is also free of alcohol and vegan which meet the requirements for halal certification by top halal certifying body.

In addition, some of our products are also certified by FDA, the United States government agency which regulates food and drug safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B6: Product Responsibility

Quality Assurance

In addition to selecting the right suppliers as detailed in the previous section, we have strict policies and procedures to ensure product quality which differentiates ourselves from other competitors in the industry.

We control the quality of our product by ensuring the quality of their regular shipments, relying on our dedicated quality assurance team to carry out inspection of these products upon arrival.

They visually inspect all received products for defects and ensure that the ingredients and labelling on the products are as expected. For the exceptional case that some labelling have been changed and have doubt with the product quality, we communicate with the suppliers immediately.

For product repackaging and labelling services, we follow stringent guidelines given to us by the suppliers and as per our own quality control system to ensure cleanliness, we have posted all these guidelines in the repacking and labelling office to make sure all staff can follow.

Repacking is done under a dust-free environment where repackaging and labelling staff need to wear protective gown, hat and gloves before getting into the repackaging and labelling area. All repacking containers are disinfected by ultraviolet light. Repackaging machines are regularly serviced or replaced once at least every half year.

Our quality assurance officer also conducts periodic checks on the repacking and labelling processes to ensure these guidelines are strictly followed, and ensure the labelling are correct and are in compliance with the relevant laws.

In recognition for our service excellence, the Company's repackaging service of skin care products has been certified by the Hong Kong Quality Assurance Agency ("HKQAA") with the ISO9001:2015 certificate from October 2016 for a period of 3 years, during which HKQAA also conduct checking every half a year to ensure regular compliance.

Apart from product quality, the quality of our employees is also a crucial element of our Company's quality assurance framework. Through our comprehensive recruitment process, we ensure our employees are sufficiently qualified and experienced. Also, as mentioned previously in the section "Aspect B3: Development and Training", we provide numerous trainings to our employees to ensure that 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 ten 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 according to the Company's policies 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 ten trademarks, including "mi ming mart", "MI MING MART", "袁彌明生活百貨" and "彌明生活百貨", which are pertinent to the ordinary course of our business operations.

To protect customers' benefits, we will notify the suppliers if we found there is counterfeit products and smuggled products in the market, to discuss with suppliers the actions which should be taken.

We believe that we have taken all reasonable measures to prevent infringement of our own intellectual property rights. During the Reporting Period, we have not engaged in and have not been threatened with any claim for infringement of any intellectual property rights (2018: Nil).

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.

Through these policies, 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B7: Anti-corruption

The Company is committed to adhering to the highest ethical standards and maintaining a corporate culture of integrity and 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 personally or anonymously 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 (2018: Nil).

OUR COMMUNITY

Aspect B8: Community Investment

The Company is committed to be a socially responsible corporation by improving the well-being and contributing to the development of ESG conscious community to support our sustainable growth in the future. The Company encourages staff to contribute their time and efforts in participating in local community activities and events. The Company supports their charitable effort by compensating them paid leave of absent.

These community investment events include the following:

- In January 2019, our staff participated in the volunteer work in taking care of the homeless dog kept by the organization entitled "毛孩守護者".
- In January 2019, our staff participated in the volunteer work in visiting the cats kept by the organization entitled "大澳流浪貓之家".
- In March 2019, the Company held a DIY Recycling Bag Workshop to promote the use of recycling bags.

REPORT OF THE DIRECTORS

The Directors present herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2019.

GROUP REORGANISATION AND SHARE OFFER

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

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the retail of multi-brand beauty and health products in Hong Kong. The principal activities and other particulars of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2019 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 2019, 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 branded beauty and health products
	We rely on the market recognition of our brand "MI MING MART" ("彌明生活百貨") for offering quality beauty and health products and any damage to our brand name could materially and adversely affect our business
	The 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 31 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 good working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The relevant departments of the Group work closely to make sure that the tender and procurement process is conducted in an open, fair and just manner.

REPORT OF THE DIRECTORS

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

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board has recommended a final cash dividend of HK0.6 cent per share for the year ended 31 March 2019, in an aggregate amount of approximately HK$6.7 million. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on Monday, 19 August 2019 (the "AGM") and is expected to be distributed on Friday, 20 September 2019 to the Shareholders whose names appeared on the register of members of the Company on Friday, 30 August 2019. Together with the interim dividend of HK0.9 cent per ordinary share already paid during the year, the amount of dividend per ordinary share for the year ended 31 March 2019 totalled HK1.5 cents. No interim or final dividend have been proposed or paid for the year ended 31 March 2018.

MAJOR CUSTOMERS AND SUPPLIERS

Owing to the nature of our business, for the year ended 31 March 2019, our customers were mainly retail customers consisting of individuals from the general public, a few bulk purchase customers as well as the distributors. For the year ended 31 March 2019, 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 distributors) was approximately 2.9% and 8.4% of our total revenue, respectively. All of our top five customers during the year ended 31 March 2019 are Independent Third Parties.

The aggregate purchases from our Group's largest and top five suppliers accounted for approximately 33.4% and 64.5% of our total purchases for the year ended 31 March 2019, respectively. All of our top five suppliers during the year ended 31 March 2019 are Independent Third Parties. None of our Directors or any existing shareholder holds 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 2019.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended 31 March 2019 and the consolidated financial position of the Group as at 31 March 2019 are set out in the consolidated financial statements on pages 82 and 83, respectively.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2019 are set out in the consolidated statement of changes in equity on page 84.

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 2019, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$57.7 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 2019, the Group did not make charitable and other donations (2018: HK$10,000).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 March 2019 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
– Ms. Shum Wai Sze
– Ms. Tsang Wing Yee

Biographical information of the Directors and senior management of the Group are set out from pages 32 to 36 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. Accordingly, Ms. Chan Sze Lai Celine, Ms. Shum Wai Sze and Ms. Tsang Wing Yee retire and being eligible offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

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

Each of the Non-executive Directors and Independent Non-executive Directors has entered into an appointment letter with the Company for a term of three 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 annual general meetings in accordance with the Articles or any other applicable laws from time to time whereby he/she shall vacate his/her office.

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

CONFIRMATION OF INDEPENDENCE

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

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 2019.

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 2019.

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	780,000,000 (L)	69.6%
Mr. Lam Yue Yeung Anthony *(Note 3)*	Interest of spouse	780,000,000 (L)	69.6%

(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 780,000,000 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	780,000,000 (L)	69.6%

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 2019.

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 29 to the consolidated financial statements. For the year ended 31 March 2019, certain related party transactions disclosed in note 29 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 2019.

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

During the year ended 31 March 2019, none of the Directors or their respective close associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

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

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

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

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

REPORT OF THE DIRECTORS

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

BANK BORROWING

The Group did not have bank borrowing as at 31 March 2019 (2018: nil).

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEME

Details of contributions to the retirement benefits scheme of the Group are set out in note 28 of the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary section on page 133 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 are 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.

INTEREST OF COMPLIANCE ADVISER

Neither Kingston Corporate Finance Limited, the Compliance Adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

ANNUAL GENERAL MEETING

The AGM has been scheduled to be held on Monday, 19 August 2019. A notice convening the AGM will be issued and despatched to the Shareholders on Thursday, 27 June 2019.

REPORT OF THE DIRECTORS

RELEVANT DATES FOR FINAL DIVIDEND

Ex-entitlement date	27 August 2019 (Tuesday)
Latest time to lodge share transfer	4:30 p.m., 28 August 2019 (Wednesday)
Closure of register of members	From 29 August 2019 (Thursday) to 30 August 2019 (Friday), both dates inclusive
Record date	30 August 2019 (Friday)
Payment date	20 September 2019 (Friday)

In order to qualify for the abovementioned final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (new address with effect from 11 July 2019: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong), not later than 4:30 p.m. on Wednesday, 28 August 2019.

AUDITOR

The consolidated financial statements for the year ended 31 March 2019 were audited by Messrs. Deloitte Touche Tohmatsu who will retire at the forthcoming AGM 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 AGM.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group.

ENVIRONMENTAL POLICY AND SOCIAL RESPONSIBILITY

The Group understands the importance of environmental sustainability and protection and has adopted policies on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations. Please refer to the ESG Report on pages 51 to 64 for details of our ESG performance.

By order of the Board
Yuen Mi Ming Erica
Chairlady

18 June 2019

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 82 to 132, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 inventories balances as at 31 March 2019 was HK$10,252,000 and there is no allowance for inventories as at 31 March 2019.	Our procedures in relation to assessment of net realisable value of inventories included: • Obtaining an understanding from the management on how the allowance for inventories is estimated and the net realisable value of the inventories is determined including understanding the key controls of the Group on identifying aged or obsolete, slow-moving or out-of-season inventories that are no longer suitable for sale in the market; • Assessing the reasonableness of the net realisable value of the inventories based on inventory ageing analysis and subsequent sales of the inventories; • Testing the accuracy of the inventory ageing analysis, on a sample basis, to goods received notes; and • Testing the subsequent sales, on a sample basis, to the sales invoices.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors 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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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
18 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	6	**149,705**	123,397
Cost of sales		**(56,204)**	(48,592)
Gross profit		**93,501**	74,805
Other income, gains and losses		**195**	63
Selling and distribution expenses		**(33,343)**	(30,783)
Administrative and operating expenses		**(26,906)**	(22,215)
Interest expense on bank borrowings		**–**	(163)
Other expense	8	**–**	(550)
Listing expenses		**–**	(11,424)
Profit before tax	9	**33,447**	9,733
Income tax expense	10	**(5,820)**	(3,698)
Profit and total comprehensive income for the year		**27,627**	6,035
Basic earnings per share	12	**HK2.47 cents**	HK0.69 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,711**	2,489
Deferred tax assets	15	**505**	456
Deposits paid for acquisition of an asset	16	**2,878**	–
Other non-current assets	17	**3,712**	2,225
		9,806	5,170
Current assets			
Inventories	18	**10,252**	9,161
Trade receivables	19	**1,570**	1,061
Deposits, prepayments and other receivables	20	**4,056**	4,370
Pledged bank deposits	21	**3,224**	3,215
Bank balances and cash	21	**98,154**	83,090
		117,256	100,897
Current liabilities			
Trade payables	22	**2,036**	1,606
Accrued expenses and other payables	23	**6,693**	4,864
Contract liabilities	24	**323**	–
Tax payable		**2,064**	1,198
		11,116	7,668
Net current assets		**106,140**	93,229
Net assets		**115,946**	98,399
Capital and reserves			
Share capital	25	**11,200**	11,200
Reserves		**104,746**	87,199
		115,946	98,399

The consolidated financial statements on pages 82 to 132 were approved and authorised for issue by the Board of Directors on 18 June 2019 and are signed on its behalf by:

Yuen Mi Ming Erica
DIRECTOR

Yuen Mimi Mi Wahng
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 (note)	Retained profits HK$'000	Total HK$'000
At 1 April 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 25(c))	8,400	(8,400)	–	–	–
Issue of shares upon listing (note 25(d))	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
Profit and total comprehensive income for the year	–	–	–	27,627	27,627
Dividend recognised as distribution (note 13)	–	(10,080)	–	–	(10,080)
At 31 March 2019	11,200	81,847	(37,316)	60,215	115,946

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 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**33,447**	9,733
Adjustments for:		
Depreciation	**2,394**	2,801
Interest income	**(720)**	(21)
(Gain) loss on written off/disposal of property, plant and equipment	**(124)**	1
Interest expense on bank borrowings	**–**	163
Operating cash flows before movements in working capital	**34,997**	12,677
Increase in inventories	**(1,091)**	(1,698)
Increase in trade receivables	**(509)**	(768)
(Increase) decrease in deposits, prepayments and other receivables	**(1,173)**	2,332
Increase in trade payables	**430**	617
Increase in accrued expenses and other payables	**2,297**	1,520
Decrease in contract liabilities	**(145)**	–
Cash generated from operations	**34,806**	14,680
Hong Kong Profits Tax paid	**(5,003)**	(4,189)
NET CASH FROM OPERATING ACTIVITIES	**29,803**	10,491
INVESTING ACTIVITIES		
Deposit paid for acquisition of an asset	**(2,878)**	–
Purchase of property, plant and equipment	**(2,620)**	(1,818)
Placement on pledged bank deposit	**(9)**	(15)
Interest received	**720**	21
Proceeds from disposal of property, plant and equipment	**128**	–
NET CASH USED IN INVESTING ACTIVITIES	**(4,659)**	(1,812)
FINANCING ACTIVITIES		
Dividend paid	**(10,080)**	–
Repayment of bank borrowings	**–**	(17,642)
Share issue costs paid	**–**	(9,789)
Interest paid	**–**	(181)
Proceeds from issue of shares	**–**	75,600
Bank borrowing raised	**–**	12,803
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(10,080)**	60,791
NET INCREASE IN CASH AND CASH EQUIVALENTS	**15,064**	69,470
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**83,090**	13,620
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**98,154**	83,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is 16th Floor, Guangdong Tours Centre, 18 Pennington Street, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 33.

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 year ended 31 March 2018, or since the respective date of incorporation of the relevant entity where this is a shorter period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

3.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Selling and distributing a wide range of beauty and health products at a point in time when the control of goods are transferred to the customers.

- Consignment commission income at a point in time when services rendered

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 6 and 4 respectively.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	HK$'000	HK$'000
CURRENT LIABILITIES			
Accrued expenses and other payables	4,864	(468)	4,396
Contract liabilities	–	468	468

Note:

As at 1 April 2018, advances from customers of HK$108,000 and deferred income of HK$360,000 in respect of the contracts with customers previously included in accrued expenses and other payables were reclassified to contract liabilities upon application of HKFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

Summary of effects arising from initial application of HKFRS 15 (continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
CURRENT LIABILITIES			
Accrued expenses and other payables	6,693	323	7,016
Contract liabilities	323	(323)	–

Note:

Prior to the application of HKFRS 15, advances from customers and deferred income were classified as accrued expenses and other payables. For illustrative purpose of the table above, advance from customers of HK$207,000 and deferred income of HK$116,000 are reclassified from contract liabilities to accrued expenses and other payables.

Impact on the consolidated statement of cash flows

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Increase in accrued expenses and other payables	2,297	(145)	2,152
Decrease in contract liabilities	(145)	145	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

3.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 4.

Classification and measurement of financial assets

The directors of the Company reviewed and assessed the Group's financial assets and liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the Group's financial assets and liabilities continue to be measured at amortised cost upon adoption of HKFRS 9, which is the same as the method of measurement used under HKAS 39 except for impairment under ECL model for financial assets.

Impairment under ECL model

At 1 April 2018, the directors of the Company have reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and have concluded that no material financial impact exists, and therefore no adjustment to the opening retained profits at 1 April 2018 has been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs issued but not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs issued but not yet effective (continued)

HKFRS 16 "Leases" (continued)

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, operating lease payments are currently 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.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$20,897,000 as disclosed in note 26. 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 unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$5,199,000 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. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 by 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".

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3) (continued)

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

For contracts that contain more than one performance obligations (to specify), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

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

Accounting for unredeemed loyalty stamps under customer loyalty programme

The unredeemed loyalty stamps under customer loyalty programme are recorded as contract liabilities, and only reflect the value that is expected to be redeemed. The Group estimated the value that is expected to be redeemed with reference to historical experience under customer loyalty programme. Revenue is recognised when the stamps are redeemed.

Revenue recognition (prior to 1 April 2018)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 April 2018) (continued)

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.

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.

Leases

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

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.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

The recoverable amount of tangible assets are estimated individually, 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 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. 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.

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

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

Amortised cost and interest income

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

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, pledged bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(i) Significant increase in credit risk

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

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

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

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

Despite the a foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) (continued)

(v) Measurement and recognition of ECL

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

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

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

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

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Loans and receivables are assessed for indicators of impairment at the end of the 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification of debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

5. KEY SOURCE 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 is the key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets within the following twelve months.

Estimated allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Judgment and estimates are required based on the condition and marketability of the inventories. Allowance for inventories is estimated based on an assessment of the net realisable value of inventories by the management. In determining the net realisable value of the inventories, the management considers the inventory ageing analysis, current market conditions, marketing and promotion plans, historical sales records and subsequent sales of the inventories. If the net realisable value of the inventories of the Group are less than expected, additional allowance may be required. As at 31 March 2019, the carrying amount of inventories is HK$10,252,000 (2018: HK$9,161,000), and there is no allowance for inventories (2018: nil).

6. REVENUE

	2019	2018
	HK$'000	HK$'000
Sales of goods		
Retail stores	**133,871**	119,251
Online shop	**9,779**	2,617
Consignment sales	**1,404**	159
Distributors	**4,191**	642
Subtotal	**149,245**	122,669
Consignment Commission		
Retail stores	**457**	726
Online shop	**3**	2
Subtotal	**460**	728
Total	**149,705**	123,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

6. REVENUE (continued)

Performance obligation for contracts with customers

All revenue generated by the Group are recognised at a point in time as described below.

Sales of goods

The Group sells a wide range of beauty and health products to the distributors and directly to customers both through its own retail outlets and through online sales.

For sales of goods to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the distributors' specific location (delivery). Following delivery, the distributors have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 days upon delivery.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For online sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Consignment commission income

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

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2019 and the expected timing of recognising revenue are as follows:

	Customer loyalty programme HK$'000
Within one year	116

The customer loyalty stamps are effective for 6 months from the date of issuance. The amount disclosed above represent the Group's expectation on the timing of redemption made by customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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.

	2019	2018
	HK$'000	HK$'000
Revenue – external sales	**149,705**	123,397
Segment results	**27,627**	18,009
Less:		
Other expense	**–**	(550)
Listing expenses	**–**	(11,424)
Profit for the year	**27,627**	6,035

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:

	2019	2018
	HK$'000	HK$'000
Skincare	**110,984**	94,748
Cosmetics	**13,845**	11,456
Food and health supplements	**16,201**	8,970
Other products	**8,215**	7,495
Consignment sales service	**460**	728
Total	**149,705**	123,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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% (2018: 99%) of the Group's revenue from external customers during the year ended 31 March 2019 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 had been made by the Group and charged to profit or loss during the year ended 31 March 2018.

9. PROFIT BEFORE TAX

	2019	2018
	HK$'000	HK$'000
Profit before tax has been arrived at after charging (crediting):		
Directors' remuneration (note 11)	**5,196**	4,024
Other staff salaries and allowances	**21,756**	19,569
Retirement benefit scheme contributions, excluding those of directors	**953**	838
Total employee benefits expenses	**27,905**	24,431
Auditor's remuneration		
– Audit services		
– current year	**1,120**	750
– under-provision for prior year	**22**	–
– Non-audit services	**30**	1,248
Depreciation of property, plant and equipment	**2,394**	2,801
(Gain) loss on written off/disposal of property, plant and equipment	**(124)**	1
Cost of inventories recognised as expenses (included in cost of sales)	**55,619**	48,570
Exchange loss (gains) (included in other income, gains and losses)	**685**	(19)
Interest income	**(720)**	(21)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

10. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax		
– Current year	**5,935**	4,071
– Overprovision in prior years	**(66)**	(12)
	5,869	4,059
Deferred taxation (note 15)	**(49)**	(361)
	5,820	3,698

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:

	2019 HK$'000	2018 HK$'000
Profit before tax	**33,447**	9,733
Tax at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**5,519**	1,606
Tax effect of expenses not deductible for tax purpose	**533**	2,105
Tax effect of income not taxable for tax purpose	**(1)**	(1)
Tax effect of two-tiered profits tax rate regime	**(165)**	–
Overprovision in prior years	**(66)**	(12)
Income tax expense	**5,820**	3,698

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations in Hong Kong for the years of assessment commencing on or after 1 April 2018 will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for the year ending 31 March 2019 and only one subsidiary in the Group could elect for the two-tiered rates regime and the election, once made, is irrevocable.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group's deferred tax position is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

(a) Directors' and chief executive's emoluments

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 2019

Name of director	Fee HK$'000	Salaries and other allowances HK$'000	Performance related incentive payments HK$'000 (note)	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors					
Ms. Mimi Yuen*	–	1,950	300	18	2,268
Ms. Erica Yuen*	–	1,950	300	18	2,268
Non-executive Directors					
Mr. Anthony Lam	120	–	–	–	120
Mr. Ronald Cheung	120	–	–	–	120
Independent Non-executive Directors					
Ms. Celine Chan	120	–	–	–	120
Ms. Shum Wai Sze	120	–	–	–	120
Ms. Tsang Wing Yee	180	–	–	–	180
	660	3,900	600	36	5,196

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For the year ended 31 March 2019

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

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

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

* 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.

Note: Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

(b) Employees' emoluments

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

	2019	2018
	HK$'000	HK$'000
Salaries and other allowances	**1,887**	1,564
Retirement benefit scheme contributions	**54**	54
	1,941	1,618

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 2019

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:

	2019 HK$'000	2018 HK$'000
Earnings		
Earnings attributable to the owners of the Company for the purpose of calculation of basic earnings per share	**27,627**	6,035

	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**1,120,000**	876,822

The number of ordinary shares for the purpose of calculation of basic earnings per share for the year ended 31 March 2018 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 25(c).

No diluted earnings per share was presented for the years ended 31 March 2019 and 2018 as there was no potential dilutive ordinary share in issue during both years.

13. DIVIDENDS

	2019 HK$'000	2018 HK$'000
2019 Interim, paid – HK0.9 cent per ordinary share (2018: nil)	**10,080**	–

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2019 of HK0.6 cent (2018: nil) per ordinary share, in an aggregate amount of approximately HK$6.7 million (2018: nil), has been proposed by the Directors of the Company to the shareholders whose names appeared on the register of members of the Company on Friday, 30 August 2019 and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 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
Additions	2,025	216	379	–	2,620
Written off/disposal	(1,289)	(41)	(260)	(429)	(2,019)
At 31 March 2019	6,144	1,080	1,599	1,492	10,315
DEPRECIATION					
At 1 April 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
Provided for the year	1,845	217	254	78	2,394
Eliminated on written off/disposal	(1,289)	(41)	(256)	(429)	(2,015)
At 31 March 2019	4,483	734	895	1,492	7,604
CARRYING VALUES					
At 31 March 2019	1,661	346	704	–	2,711
At 31 March 2018	1,481	347	583	78	2,489

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 2019

15. DEFERRED TAXATION

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

	Accelerated tax/accounting depreciation HK$'000
At 1 April 2017	95
Credited to profit or loss	361
At 31 March 2018	456
Credited to profit or loss	49
At 31 March 2019	505

16. DEPOSITS PAID FOR ACQUISITION OF AN ASSET

On 28 February 2019, an indirect wholly-owned subsidiary of the Company, the vendors and the agent entered into a provisional sale and purchase agreement pursuant to which the Group conditionally agreed to purchase and the vendors conditionally agreed to sell the sale shares (being in aggregate the entire issued share capital of CI CI Investment Limited (the "Target Company") and sale debt at the consideration of HK$28,780,000 which is subject to the completion adjustment and the post-completion adjustment ("Acquisition"). The Target Company is principally engaged in property holding and the property is its only asset which is an industrial property. Details of the Acquisition are set out in the circular issued by the Company dated 25 April 2019.

As at 31 March 2019, an amount of HK$2,878,000 has been paid as deposits paid for the Acquisition. The related capital commitments are disclosed in Note 27.

Up to the date of the consolidated financial statements are authorised for issue, the Acquisition has been completed and the directors of the Company will account for the Acquisition as acquisition of a subsidiary not constituting a business. The directors of the Company are in the process of assessing the financial impact to the Group on the completion date.

17. 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.

18. INVENTORIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

19. TRADE RECEIVABLES

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

	2019	2018
	HK$'000	HK$'000
Within 30 days	**1,318**	1,056
31 – 60 days	**91**	5
61 – 90 days	**161**	–
	1,570	1,061

The Group's revenue is generated mainly from cash, credit card sales, sale to distributors and consignment sales. The average credit period on credit cards sales, sale to distributors and consignment sales is 2 days, 30 days and 30 days, respectively.

As at 31 March 2019, included in the Group's trade receivables balance are debtors from consignment sales and sales to distributors with aggregate carrying amount of approximately HK$247,000 which are past due as at the reporting date. All the past due balance are within 90 days and is not considered as in default. The Group does not hold any collateral over these balances.

As at 31 March 2018, the balance of trade receivables within due dates mainly represents trade receivables arising from credit card sales. No default of settlement was expected by reference to past experiences. There were no significant overdue debtors. The Group does not hold any collateral over these balance.

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.

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
Within 30 days	4

Details of impairment assessment for the year ended 31 March 2019 are set out in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Other receivables	**93**	82
Rental and utility deposits	**1,672**	2,948
Prepayments	**1,607**	966
Accrued purchase rebate from a supplier	**295**	374
Deposit paid to a supplier	**389**	–
	4,056	4,370

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits with original maturity of more than three months carried interest rate ranging from 0.25% to 0.6% (2018: 0.15% to 0.31%) per annum as at 31 March 2019. The bank deposits have 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 0.125% to 2.85% (2018: 0.01% to 1.7%) per annum.

22. TRADE PAYABLES

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

	2019	2018
	HK$'000	HK$'000
Within 30 days	**1,930**	1,451
31 – 60 days	**106**	155
	2,036	1,606

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For the year ended 31 March 2019

23. ACCRUED EXPENSES AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Other payables	**230**	230
Accrued expenses	**6,463**	4,166
Deferred income (note)	**–**	360
Receipt in advance	**–**	108
	6,693	4,864

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

24. CONTRACT LIABILITIES

	31 March 2019 HK$'000	1 April 2018* HK$'000
Advance from customers in sales of goods	**207**	108
Customer loyalty programme	**116**	360
	323	468

* The amounts in this column are after the adjustments from the application of HKFRS 15, details as disclosed in note 3.1.

The Group receives certain portions of the contract value as deposits from customers when they entered into the agreement with customers. Contract liabilities represent the receipts in advance from customers which are recognised as revenue at a point in time when the control of the goods are transferred to the customer. During the year ended 31 March 2019, revenue recognised in the current year relating to contract liabilities arising from receipts in advance from customers at the beginning of the year is HK$108,000.

The Group operates a customer loyalty programme which a stamp will issue to customers when reach certain sales amount in a single transaction with effective period of 6 months from the date of issuance. The directors of the Company estimated the redemption of the stamp with reference to the historical experience. During the year ended 31 March 2019, revenue recognised in the current year related to contract liabilities arising from customer loyalty programme at the beginning of the year is HK$360,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

25. SHARE CAPITAL

	Notes	Number of shares	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2017		38,000,000	380
Increase in authorised share capital of HK$0.01 each	(b)	1,962,000,000	19,620
At 31 March 2018 and 2019		2,000,000,000	20,000
Issued and fully paid:			
At 1 April 2017		1	–
Issue of shares at par for the Reorganisation	(a)	1	–
Capitalisation issue	(c)	839,999,998	8,400
Issue of shares upon listing	(d)	280,000,000	2,800
At 31 March 2018 and 2019		1,120,000,000	11,200

Notes:

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

(b) 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.

(c) 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 839,999,998 shares in full at par.

(d) 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.

(e) The new shares issued rank pari passu in all respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

26. 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 ranging 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:

	2019 HK$'000	2018 HK$'000
Minimum lease payments	**14,305**	13,244
Contingent rental payments	**1,854**	1,238
	16,159	14,482

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:

	2019 HK$'000	2018 HK$'000
Rented premises		
Within one year	**12,714**	9,916
In the second to fifth year inclusive	**8,183**	2,794
	20,897	12,710

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.

27. CAPITAL COMMITMENT

	2019 HK$'000	2018 HK$'000
Capital expenditure in respect of the acquisition of an asset contracted for but not provided in the consolidated financial statements	**25,902**	–

28. 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 2019

29. 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	2019 HK$'000	2018 HK$'000
Ms. Erica Yuen	A Director of the Company	Sales of finished goods	**59**	29
Mr. Anthony Lam	A Non-executive Director of the Company and a close family member of Ms. Erica Yuen	Sales of finished goods	**11**	17
Ms. Mimi Yuen	A Director of the Company	Sales of finished goods	**10**	10
Ms. Celine Chan	An Independent Non-executive Director of the Company	Sales of finished goods	**6**	2

(b) Compensation of key management personnel of the Company

	2019 HK$'000	2018 HK$'000
Salaries, fees and other allowances	**5,617**	4,847
Performance related incentive payments	**913**	148
Retirement benefit scheme contributions	**72**	72
	6,602	5,067

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 year ended 31 March 2018, 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 is nil. During the year ended 31 March 2019, 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 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 2019

30. CAPITAL RISK MANAGEMENT

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

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

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

31. FINANCIAL INSTRUMENTS

31a. Categories of financial instruments

	2019	2018
	HK$'000	HK$'000
Financial assets		
Financial assets at amortised cost	**103,041**	–
Loans and receivables (including cash and cash equivalents)	**–**	87,448
Financial liabilities		
Amortised cost	**2,266**	1,836

31b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash 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 2019

31. FINANCIAL INSTRUMENTS (continued)

31b. 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	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("USD")	**46,247**	122	**–**	–
Australian dollars ("AUD")	**8,385**	9,041	**560**	–

Sensitivity Analysis

Under the pegged exchange rate system, the financial impact arising from changes in exchange rates between HK$ and US$ is not expected to be significant and therefore, the corresponding sensitivity analysis is not prepared.

The following table details the Group's sensitivity to a 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.

	2019	2018
	HK$'000	HK$'000
Profit for the year	**327**	377

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 deposits. Management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management objectives and policies (continued)

Market risk – Interest rate risk (continued)

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

Total interest income from financial assets that are measured at amortised cost is as follows:

	2019 HK$'000	2018 HK$'000
Other income, gains and losses		
Financial assets at amortised cost	**720**	–
Loans and receivables (including bank balances and cash)	**–**	21

Interest expense on financial liabilities not measured at fair value through profit or loss:

	2019 HK$'000	2018 HK$'000
Financial liabilities at amortised cost	**–**	163

Credit risk and impairment assessment

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

In order to minimise the credit risk, the management of the Group has assessed the credibility and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances individually. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank balances are limited because the counterparties are banks with high credit ratings.

As at 31 March 2019, the Group has assessed that the expected loss rates for pledged bank deposits and bank balances were immaterial. Thus no loss allowance for pledged bank deposits and bank balances were recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

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

Category	Description	Trade receivables	Other financial assets
Performing	The counterparty has a low risk of default and has no past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
In default	There is evidence indicating that the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The estimated loss rates are determined based on historical observed default rates over the expected lives of the debtors and are adjusted for forward-looking information, including but not limited to the expected growth rate of the industry, that is available without undue cost or effort.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables are assessed individually for impairment allowance based on the historical credit losses experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including the time value of money where appropriate.

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding other receivables is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (continued)

31b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

2019	Note	**Internal credit rating**	**12-month or Lifetime ECL**	**Gross carrying amount** HK$'000
Trade receivables	19	Performing	Lifetime ECL – not credit-impaired	1,570
Other receivables	20	Performing	12m ECL	93
Bank balances	21	Performing	12m ECL	98,044
Pledged bank deposits	21	Performing	12m ECL	3,224

Liquidity risk

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

The Group's remaining contractual maturity for its financial liabilities is on demand or less than one month.

31c. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

32. 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.

For the year ended 31 March 2019

	At 1 April 2018 HK$'000	**Financing cash flows HK$'000**	**Other changes (note iii) HK$'000**	**At 31 March 2019 HK$'000**
Dividend payable	–	(10,080)	10,080	**–**

For the year ended 31 March 2018

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

Notes:

(i) 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.

(ii) 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.

(iii) Other changes represent the finance costs, dividends declared and share issue costs during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

33. PARTICULARS OF SUBSIDIARIES

As at 31 March 2019 and 2018, 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
			2019	2018	
			%	%	
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
Universal Benefits Company limited*	Hong Kong	HK$100	**100**	N/A	Investment holding

* The subsidiary incorporated during the year ended 31 March 2019.

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 2019

34. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company:

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 23 January 2018 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 22 January 2028. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

At 31 March 2019, no share in respect of which options had been granted and remained outstanding under the Scheme (31 March 2018: Nil). The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSET		
Investment in a subsidiary	**37,316**	37,316
CURRENT ASSETS		
Deposit and prepayments	**221**	299
Bank balances	**62,537**	62,369
	62,758	62,668
CURRENT LIABILITIES		
Amount due to a subsidiary	**12,966**	638
Accrued expenses and other payables	**1,014**	307
	13,980	945
NET CURRENT ASSETS	**48,778**	61,723
NET ASSETS	**86,094**	99,039
CAPITAL AND RESERVES		
Share capital	**11,200**	11,200
Reserves (note)	**74,894**	87,839
	86,094	99,039

Note:

	Share premium HK$'000	**Other reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 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
Loss for the year	–	–	(2,865)	(2,865)
Dividend recognised as distribution (note 13)	(10,080)	–	–	(10,080)
At 31 March 2019	81,847	17,226	(24,179)	74,894

* 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

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Company's prospectus dated 30 January 2018 is set out below:

RESULTS

	Year ended 31 March				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
REVENUE	48,598	82,106	103,424	123,397	**149,705**
PROFIT BEFORE TAX	8,614	21,051	13,255	9,733	**33,447**
INCOME TAX EXPENSE	(1,330)	(3,460)	(3,655)	(3,698)	**(5,820)**
PROFIT FOR THE YEAR	7,284	17,591	9,600	6,035	**27,627**

ASSETS AND LIABILITIES

	At 31 March				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
TOTAL ASSETS	13,355	24,029	37,071	106,067	**127,062**
TOTAL LIABILITIES	(4,193)	(7,076)	(10,518)	(7,668)	**(11,116)**
NET ASSETS	9,162	16,953	26,553	98,399	**115,946**