澳至尊
AUSupreme

ANNUAL REPORT 2020-2021

澳至尊國際控股有限公司
AUSUPREME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 2031.HK

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Choy Chi Fai *(Chairman and Co-Chief Executive Officer)*
Ms. Ho Ka Man *(Vice Chairman and Co-Chief Executive Officer)*
Mr. Ho Chun Kit, Saxony
Mr. Au Chun Kit

Independent Non-executive Directors

Prof. Luk Ting Kwong
Mr. Ko Ming Kin
Dr. Wan Cho Yee

AUDIT COMMITTEE

Mr. Ko Ming Kin *(Chairman)*
Dr. Wan Cho Yee
Prof. Luk Ting Kwong

NOMINATION COMMITTEE

Prof. Luk Ting Kwong *(Chairman)*
Dr. Wan Cho Yee
Mr. Choy Chi Fai

REMUNERATION COMMITTEE

Dr. Wan Cho Yee *(Chairman)*
Mr. Ko Ming Kin
Mr. Choy Chi Fai

COMPANY SECRETARY

Ms. Tang Wing Shan

AUTHORIZED REPRESENTATIVES

Mr. Choy Chi Fai
Ms. Tang Wing Shan

INDEPENDENT AUDITOR

Wellink CPA Limited
Certified Public Accountants

SOLICITOR

Michael Li & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
CMB Wing Lung Bank Limited

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office E, 28/F., EGL Tower
83 Hung To Road
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F.
148 Electric Road
North Point
Hong Kong

LISTING INFORMATION

Place of Listing:	The Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	2031
Board Lot:	5,000 shares

COMPANY WEBSITE

www.ausupreme.com

AUSupreme Website
AUSupreme TMALL.HK
AUSupreme WeChat
AUSupreme facebook


SAMMI
ORGANIC NATURE
SUPER EYE CARE
10000 (EXTRA STRENGTH)
• Contains Bilberry 10g (10000mg) & Lutein 6mg per capsule
• Supports eye retina health
• Maintains healthy eye function
• Helps maintain visual acuity in poor light
30 Capsules
SUPER EYE CARE
(EXTRA STRENGTH)
香港卓越名牌
HONG KONG PREMIER BRAND
GOOD MANUFACTURING PRACTICE
GMP
AUSTRALIAN MADE
此產品按客戶
要求經SGS測試
請掃碼查閱!
Product has been tested by SGS as per client's request
Scan for more!
Heavy metals tested by SGS

澳至尊
AUSupreme
關節至尊
SUPER JOINT
FLEXIBLE FORMULA
葡萄糖胺軟骨素
強效配方
1500毫克
60粒 / Tablets
Manufactured in Australia
SAMMI
SUPER JOINT
香港卓越名牌
HONG KONG PREMIER BRAND
CURRENT GOOD MANUFACTURING PRACTICE
cGMP
AUSTRALIAN MADE
SGS
此產品按客戶
要求經SGS測試
Product has been
tested by SGS as per
client's request
Scan for more!
Heavy metals tested by SGS


SAMMI
ORGANIC NATURE
Omega-3
Natural Fish Oil 1000
MEGA VALUE PACK
550 Capsules
OMEGA-3
香港卓越名牌
HONG KONG PREMIER BRAND
GOOD MANUFACTURING PRACTICE
GMP
AUSTRALIAN MADE
此產品按客戶
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client's request
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Heavy metals tested by SGS

Glossary

In the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Directors and Senior Management", "Corporate Governance Report", "Report of the Directors" and "Environmental, Social and Governance Report" in this annual report, unless the context requires otherwise, the following expressions shall have the following respective meanings:

"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Ausupreme" or "Company"	Ausupreme International Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 2031)
"Beatitudes"	Beatitudes International Ltd., a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Co-CEO"	the co-chief executive officer of the Company
"Company Secretary"	the company secretary of the Company
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	the novel coronavirus disease 2019
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company
"GMP"	Good Manufacturing Practice — a quality assurance approach used by the drug manufacturing industry worldwide to ensure that products are consistently produced and controlled according to appropriate quality standards
"Group"	the Company and its subsidiaries
"HACCP"	Hazard Analysis and Critical Control Points — a scientific and systematic approach to identify, assess and control hazards in the food production process. With the HACCP system, food safety control is integrated into the design of the process rather than relying on end-product testing
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"INED(s)"	the independent non-executive Director(s)
"Listing"	the listing of the issued Shares on the Main Board of the Stock Exchange
"Listing Date"	12 September 2016, the date on which the issued Shares were initially listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Choy"	Mr. Choy Chi Fai, an executive Director, the Chairman and a Co-CEO

Glossary

"Ms. Ho" or "Mrs. Choy"	Ms. Ho Ka Man, an executive Director, the Vice Chairman, a Co-CEO, and spouse of Mr. Choy
"M&A"	the memorandum of association of the Company and the Articles of Association
"Nomination Committee"	the nomination committee of the Board
"PRC" or "Mainland China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 30 August 2016
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"SGS"	SGS Systems & Services Certification Pty Ltd., a company which provides services of inspection, verification, testing and certification
"Share(s)"	ordinary share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"TGA"	Therapeutic Goods Administration of Australia
"Truth & Faith"	Truth & Faith International Limited, a principal wholly-owned subsidiary of the Company engaged in the retail and wholesale of health and personal care products
"Vice Chairman"	the vice chairman of the Board
"Year" or "year under review"	the year ended 31 March 2021

"Year 2020"	the year ended 31 March 2020
"%"	percent

This annual report is prepared in both English and Chinese. In the event of any inconsistency, the English text of this annual report will prevail.

Ausupreme International Holdings Limited (stock code 2031.HK) is a quality brand specializing in health supplements and personal care products. Our products have obtained international accreditation such as the Therapeutic Goods Administration of Australia (TGA)'s certification and are produced in international Good Manufacturing Practice (GMP) manufacturing plants. We have obtained numerous prizes, including "Hong Kong Premier Brand Awards" and have been granted the "Manpower Developer Award" for 10 consecutive years and were acknowledged as "Super Manpower Developers" (Super MDs). Ausupreme's business has seen steady development and our products have been widely supported by the markets including Hong Kong and other Asian regions.

▲ Listing and gong-hit ceremony hosted by Mr. Choy Chi Fai and Ms. Choy Ho Ka Man, the founders of Ausupreme

◀ Members of the Board

Vision

With adherence to the belief of truth, justice and care, Ausupreme has established an excellent and outstanding team, striving to provide quality healthcare and personal care products and professional services to people who care for their health, and to be an industry leader in Asia-Pacific region.

Mission

Truth : With integrity and good conscience as our operating principles, all of our staff members play by the book and works to establish a good model for the commercial sector.

Justice : We create an operating environment with justice and fairness. All of our staff monitor and guide each other in order to create a reasonable corporate system.

Care : We foster a caring and loving corporate culture. All of our staff support each other and build a caring culture for the society.

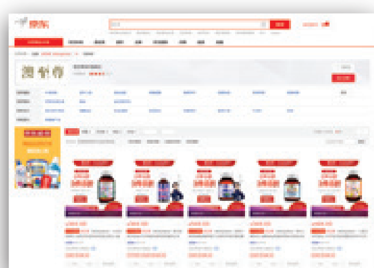
Sales Channels

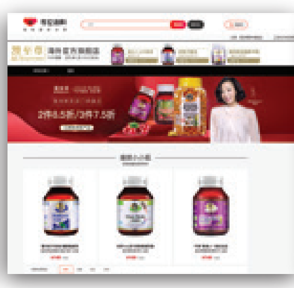
Offline Sales – Specialty Stores, Consignment Counters and Experience Store

With outstanding quality, professional service and caring corporate culture, the Group has successfully laid a solid foundation for its development in Hong Kong. As at 31 March 2021, the Group had 16 specialty stores and 74 consignment counters in Hong Kong, Macau and Singapore, we also established a cross-border e-commerce experience store in Shenzhen and successively established subsidiaries in Mainland China, Macau and Singapore. In the future, Ausupreme will continue to expand its overseas and domestic markets and strive to become a well-known health supplement brand in Asia.

Online Sales – E-commerce Platforms

Ausupreme adopted more diverse marketing strategies and took greater leap in the development of domestic and cross-border e-commerce in recent years. With the continuous impact of the COVID-19 pandemic, Ausupreme has accelerated its pace to enter a new model combining online and offline sales, taking the lead in becoming the leader of healthcare brands in the new era of e-commerce. In the past year, in addition to deepening cooperation with well-known online shopping platforms around the world, Ausupreme has also added a dynamic and interactive mode of communication - live-streaming, and the cooperative e-commerce platforms have continued to expand which include: HKTVmall, Bigbigshop, AlipayHK eShop, Tmall.HK, Halo Offer, WeCare in Hong Kong; Tmall.com, JD.com, Pinduoduo.com, Kaola.com, VIP.com, xiaohongshu.com, Douyin.com, Kuaishou.com in Mainland China; and some of the largest online shopping platforms in Southeast Asia such as Lazada, Foodpanda, Shopee, etc. These increase our brand's market penetration rate rapidly.





Adhere to the beliefs and give back to the society

With its people-oriented tenet, Ausupreme Group has committed to fulfilling its social responsibilities for many years and actively giving back to the society through various activities.

In the previous year, although Hong Kong had experienced many difficult and severe situations, the COVID-19 pandemic had severely impacted all walks of life in the society, Ausupreme still had not forgotten its original aspiration, insisting on caring for the community and employees, cherishing partners and customers, and standing together with Hong Kong citizens through storm and stress; at the same time, it spares no effort to participate in charitable activities in different regions of the Mainland China.

In the early stage of the pandemic, there was a lack of anti-epidemic supplies, and a substantial increase in the demand for high-quality masks which were very difficult to find in the market. To ensure the safety and health of employees, the management of Ausupreme used all human resources, through many twists and turns, to provide front-line employees with adequate masks and anti-epidemic supplies in a timely manner, including nutritional supplements to enhance their immunity, masks, alcohol pens, goggles, and cooking lunch boxes. During the pandemic, in order to ensure the safety and health of employees, Ausupreme quickly adopted emergency measures. According to the departments' situation and the nature of the employees' job duties, employees were being arranged to work in shifts or work from home to ensure the safety of employees and the normal operation of the company. At the same time, Ausupreme also exerted the spirit of community mutual assistance and did its best to donate anti-epidemic supplies and health products to communities and charities. In June 2020, the Ausupreme Volunteer Team distributed free surgical masks at various specialty stores in Hong Kong, Kowloon and New Territories for several days, which received warm support from the public. Subsequently, the Company cooperated with many schools and charities, including Po Leung Kuk, Love Family Charity Limited, Kowloon City Swatow Christian Church, Baptist Lui Ming Choi Primary School, West Kowloon Vineyard, etc., to spread the love and care to those in need.

In the past year, the business sector has been facing various difficulties and challenges, Ausupreme still adhered to its beliefs, illuminated the disadvantaged groups with kindness, and overcome adversity together. Ausupreme has cooperated with ORBIS for 4 consecutive years to support its efforts to combat global blindness and continue its global mission to rescue blindness and assist developing countries in formulating long-term blindness relief plan to solve the problem of avoidable blindness and raise public awareness of eye diseases.

The "MianYang Herald Gratia Children Village" project has been uninterrupted for many years. It has provided comfort homes for poor children in China, adhering to the spirit of "inspiring love and respecting life", the children can be taken care of both physically and mentally. In November 2020, Mr. Choy Chi Fai, the founder and Chairman of Ausupreme, cared about the children's home and visited the children in the mountainous areas of Xianyang City, Shaanxi again, to witness the healthy growth of the children.

At the same time, Ausupreme also actively participated in local charitable activities, and sponsored the "2020 Hand in Hand Cycling for Rehabilitation" cycling charity fundraising event organized by the Christian Prison Pastoral Association Limited to help persons in custody and rehabilitated persons to get back on track and establish connection with the society, as well as promote healthy activities. It also sponsors the "Future Stars - Upward Mobility Scholarship" launched by the Commission on Poverty to encourage grassroots youths to strengthen themselves in adversity, so that they can be better nurtured with improved upward mobility, and contribute to the community in the future.

Awards and Recognitions

Ausupreme continues to receive a number of awards and recognitions, and is seen as a trustworthy brand and enterprise by investors and customers.

Australian Made and Owned Logo

Issue by Australian Made Campaign Limited (AMCL), the Australian Made logo is the Ausuralia's most trusted, recognized and widely used country of origin symbol, and is underpinned by a third-party accreditation system, which ensure products that carry the logo are certified as genuienly Australian made.

International Good Manufacturing Practice (GMP)

The Therapeutic Goods Administration of Australia ("TGA") is an administration under the Department of Health of Australian Government, Products of Ausupreme obtained the authoritative certification of TGA and are produced in manufacturing plants with international GMP certification. Our products meet the production standards of World Health Organization, which ensures the high quality level of our products.

Safety tests of main heavy metals

In order to ensure the quality of our products, Ausupreme conducts special tests on products which contained raw materials from deep sea. Products passed the safety tests of main heavy metals and no contamination is found. Complying with international standards, the health of our customers is guaranteed.

Quality Tourism Services

Passing the strict annual audit by Hong Kong Tourism Board, our products and services met the requirements of "Provide clearly displayed prices; Display clear product information; and Ensure superb customer service", we are proudly awarded this accreditation. The award praised the high-quality service of Ausupreme, which consolidates Hong Kong's image as a quality tourism city.

Hong Kong Premier Brand Awards

By meeting a number of professional judging standard, Ausupreme awarded the Hong Kong Premier Brand Awards issued by Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong. It is a recognition of our continuous excellent performance in the development of original brand, which is a symbol of honor for excellent brand and high quality products.

Parents' Favorite (Mother and Infant) Supplement Brand

Baby Kingdom is a well-known parent-child website in Hong Kong. After rigorous professional review and voting by netizens, Ausupreme was awarded the "Parents' Favorite (Mother and Infant) Supplement Brand" award by Baby Kingdom.

Listed Company Awards of Excellence

Through an extremely strict selection process by Hong Kong Economic Journal, the selected listed companies truly deserve the awards. It serves as a valuable reference for investors.

Super Manpower Developer Award

It is organized by the Employees Retraining Board (ERB) of Hong Kong. After passing the professional assessment and Hong Kong Productivity Council's detailed evaluation, the Group has successfully renewed its accreditation qualification for 10 consecutive years and was promoted to "Super MD" to recognize for our focus on manpower training and our outstanding performance in manpower development.

Consumers' Most Favorable Hong Kong Brands

Held by China Enterprise Reputation & Credibility Association (Overseas), it aims to reward the outstanding local brands established in Hong Kong through the setting up of a professional panel committee and through an extensive public voting in order to promote the development of the local market.

ListCo Excellence Awards

Jointly organized by am730, PR Asia and Roadshow, the "ListCo Excellence Awards" are presented to the listed companies with market value, industry position and results recognized by the capital market.

HSBC Living Business Sustainable Supply Chain Leader

The programme was hosted by HSBC. The Group was praised for our efforts in integrating our influential sustainable development plan into our daily operation, and for our continuous promotion of environmental protection and improvement on our corporate environment and social responsibilities.

Hong Kong Star Brand Award

Presented by Hong Kong Small and Medium Enterprises Association, the "Hong Kong Star Brand Award" recognizes Ausupreme's efforts in actively developing the star brand in Hong Kong, providing more quality and effective products and services, as well as promoting the economic development of various places.

PRO Choice

Organized by Capital Weekly of South China Media, the awards had a panel of judges consisted of various renowned persons in political and commercial sectors. Those awardees were pioneers of the industry and had a highly leading market position in their respective fields. This proved that Ausupreme is a leader in healthcare product industry in Hong Kong.

Asia Excellence Brand Award

Organized by Yazhou Zhoukan, the "Asia Excellence Brand Award" winners are chosen by YZZK through its readers and business community, to recognize the most influential international or local brands. Ausupreme has been awarded "Asia Excellence Brand Award" which highlight the principles and practices of the brand and the excellent performance of the brands' leaders in continuous innovation.

GBA Outstanding Women Entrepreneur Awards

It is jointly organized by Hong Kong Small and Medium Enterprises Association and Metro Finance. Ms. Choy Ho Ka Man, one of the founders of Ausupreme, is presented the award for her remarkable career achievements in establishing the Company.

Hong Kong Top Ten E-Commerce Award

It is jointly organized by Alibaba's B2B e-commerce platform and the Office of the Government Chief Information Officer of Hong Kong, Hong Kong Netrepreneurs Association. By receiving the award, Ausupreme is recognized as an industry role model for its excellent e-commerce operations and the contribution to promoting the further development of the e-commerce industry in Hong Kong.

Caring Company

It is presented by the Hong Kong Council of Social Service to recognize and publicly praise the Group for its care, fulfilment of social responsibilities and good corporate culture.

Family-friendly Good Employer

As a signatory of the "Good Employer Charter", Ausupreme pledged to adopt employee-oriented good personnel management measures, and was awarded the "Family-friendly Good Employer" logo by the Labour Department, affirming that the company is implementing family-friendly employment measures effectively.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board, I would like to present the annual report on the results of Ausupreme International Holdings Limited and its subsidiaries for the financial year ended 31 March 2021.

As of this moment, the pandemic has been persisting for one and a half year. It brought profound impacts onto the way of people's lives of almost every nation, and the regular operation of every type of business and industry, among which retail was one of the most severely-blown. During the year under review, the whole retail industry had been in earnest search for alternatives. The Group also adopted policies catering to the pandemic's course of development, including timely adjustment of human resources and optimization of sales networks, and controlling cost and expenditure in every aspect. While challenges abound in the business environment, the Board resolved to distribute a final dividend of HK$0.01 per share in cash for the Year in appreciation of Shareholders' continuous support.

In view of the border closure, the Group proactively cultivated local market and attracted more local customer groups through various promotional strategies and benefits with the aim to safeguard customers' health through high-quality healthcare products. Even facing such a harsh marketing environment, the Group still actively developed new products and leveraged the trend-setting and health-conscious image of Ms. Sammi Cheng, our top-notch spokesperson, to launch a popular promotional campaign bringing forth high-quality healthcare products to all customers as well as to hasten public health consciousness as always.

In the past five years, the Group proactively developed e-commerce, and achieved exponential growth in sales through this channel. The Group has utilized all types of highly effective and in-depth strategic means to expand product exposures and click rates, which serve to enhance customers' visit depth to all products. With years of proliferation of e-commerce, the e-commerce market has now been transformed from a passive platform into a blossoming new world of we-media. With these in mind, Ausupreme seeks to build its brand image through the Company's IP and lock on market demand to create spillover recognition for products and further enhance branding influence in the market. The Group also values community marketing and short video sales, embraces market changes and head-on with all new market rules, business models and transmission channels, and keeps on tapping consumers' changing minds to inject new motivation and cultures into the Group's development.

The Group strongly believes that with its high-quality healthcare products, its high adaptability to a varying market to seize upon business opportunities, and topping up by a sound financial base, it will be able to continue to create long-term value for all Shareholders. On behalf of the Board, I would like to express my heartfelt gratitude to the Shareholders, customers and business partners for their ongoing support to the Group, and to extend my sincere appreciation to all staff for their commitment and contributions.

Choy Chi Fai
Chairman

Hong Kong, 29 June 2021

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the development, marketing, sales and distribution of the branded products. The major brands developed and managed by the Group include "Ausupreme", "Organic Nature", "Superbee" and "Top Life", which are sold under our well-established "澳至尊" sales and distribution network.

Market Overview

In this Year, the ongoing COVID-19 pandemic has been casting severe implications for many business sectors especially in global tourism industry since year 2020. Most people were expecting vaccine could help to seal the spread of virus in order to improve the economy. Despite the fact that vaccines have been developed, the recurrent outbreak and variations of virus strain are still hindering the recovery in the global market.

According to the Hong Kong Tourism Board, the total number of visitor arrivals was only 96,203 during the period from April 2020 to March 2021. The total number of visitor arrivals during the same period of last year was 41,167,439. There was a drastic drop of 99.77% of visitor arrivals to Hong Kong. It is mainly due to the continuous imposition of travel restriction and quarantine measures. The overall retail market in Hong Kong is adversely suffered from the COVID-19 pandemic.

Overall Performance

For the year ended 31 March 2021, the Group's revenue amounted to HK$102,907,000, representing a decrease of 51.1% from HK$210,543,000 for Year 2020. Meanwhile, the consolidated profit attributable to owners of the Company for the Year amounted to HK$3,844,000, which represented a decrease of 68.1% from HK$12,047,000 for Year 2020. Unfavourable performance of the sales and results of the Group was mainly due to the sharp decline in tourist spending, weak local consumer sentiments and fluctuating retail market conditions in Hong Kong as a result of the impact of the COVID-19. The Group has been closely monitoring the market conditions and the pandemic development and adopting tightened cost control and other cautious approaches to cope with the volatile business environment.

As at 31 March 2021, the Group had 16 specialty stores and 74 consignment counters (31 March 2020: 15 specialty stores and 75 consignment counters) in Hong Kong, Macau and Singapore, among which 13 consignment counters were closed temporarily due to the COVID-19 epidemic and the closure of Hong Kong's borders by the government. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximize its exposure to the target customers.

FINANCIAL REVIEW

For the year under review, the Group's revenue and consolidated profit attributable to owners of the Company recorded a decline. The decrease in the Group's results for the Year was mainly attributable to the decrease in sales resulting from the adverse retail conditions caused by the COVID-19 pandemic for over a year. The significant reduction in tourist arrivals and tourist spending in Hong Kong as well as weakened local consumer sentiments continuously pose a negative impact on the overall retail market. The Group's revenue decreased by 51.1% to HK$102,907,000 (2020: HK$210,543,000) and the consolidated profit attributable to owners of the Company for the Year decreased by 68.1% to HK$3,844,000 (2020: HK$12,047,000).

The following table sets forth the breakdown of the Group's revenue by categories of products for the years ended 31 March 2021 and 2020:

	For the year ended 31 March			
	2021		2020	
	HK$'000	% of total revenue	HK$'000	% of total revenue
Health supplement products	97,846	95.1%	194,770	92.5%
Personal care products	3,240	3.1%	12,811	6.1%
Honey and pollen products	1,821	1.8%	2,962	1.4%
Total	102,907	100.0%	210,543	100.0%

During the Year, the Group's revenue attributable to health supplement products decreased by 49.8% to HK$97,846,000 (2020: HK$194,770,000) while its revenue attributable to personal care products decreased by 74.7% to HK$3,240,000 (2020: HK$12,811,000). The revenue attributable to honey and pollen products decreased by 38.5% to HK$1,821,000 for the year ended 31 March 2021 (2020: HK$2,962,000). The adverse sales performance was greatly impacted by COVID-19 which had weakened the consumer sentiments and reduced tourist spending substantially.

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2021 and 2020:

	For the year ended 31 March			
	2021		2020	
	HK$'000	% of total revenue	HK$'000	% of total revenue
Specialty stores	32,100	31.2%	31,836	15.1%
Consignment counters	47,382	46.0%	162,279	77.1%
E-commerce	16,563	16.1%	9,481	4.5%
Other sales channels	6,862	6.7%	6,947	3.3%
Total	102,907	100.0%	210,543	100.0%

During the Year, the Group's revenue for sales channels of specialty stores and e-commerce increased by 0.8% to HK$32,100,000 (2020: HK$31,836,000) and 74.7% to HK$16,563,000 (2020: HK$9,481,000) respectively. The impressive increase in revenue of e-commerce was a result of the Company reallocating more human and promotion resources to this channel during the Year. Some experienced nutritionists and sales staff have been trained to be professional Key Opinion Leaders (KOLs) webcast on Tmall and Facebook live-streaming platforms, sharing our high-quality products and nutrients' tips to foster online sales and nurture long-term relationship with customers through real-time interactions through the screen. Such measures received good responses and greatly increased the revenue of e-commerce channel. The sales of consignment counters decreased by 70.8% to HK$47,382,000 for the Year (2020: HK$162,279,000). The decline was mainly due to the recurrent outbreak of the COVID-19 in Hong Kong since January 2020, which adversely weakening the overall retail condition. For the year ended 31 March 2021, the revenue of remaining sales which included wholesale and sales at trade fairs and exhibitions dropped by 1.2% to HK$6,862,000 for the year ended 31 March 2021 (2020: HK$6,947,000).

The cost of sales decreased by HK$12,095,000 or 39.8% to HK$18,292,000 for the year ended 31 March 2021 (2020: HK$30,387,000). The decrease was mainly attributable to the diminution in revenue for the Year. The gross profit ratio decreased by 3.4% to 82.2% for the Year (2020: 85.6%). The decrease was mainly attributable to the additional provision for obsolete inventories and more sales promotions and discounts offered to boost sales during the Year as a result of the COVID-19 pandemic.

The selling and distribution expenses of the Group decreased by 47.1% to HK$73,620,000 for the year ended 31 March 2021 (2020: HK$139,173,000). This decrease was mainly attributable to the decline in consignment commission and the sales staff cost as a result of the diminution in revenue and the strengthening of the cost control, respectively.

The general and administrative expenses of the Group dropped by 15.7% to HK$24,005,000 for the year ended 31 March 2021 (2020: HK$28,467,000). The decrease was mainly attributable to (i) the diminution in salaries and allowance expense and Directors' remuneration; and (ii) decrease in travelling expense. Governments of various countries have adopted strict anti-epidemic control measures at the borders due to the outbreak of COVID-19, the staff have changed the way of contacting suppliers and employees outside Hong Kong via email or video conference to replace the previous form of business trip.

No finance costs for bank borrowings were incurred for the years ended 31 March 2021 and 2020 as the Group did not have any bank borrowings for these years. The Group's finance costs of interest expense on lease liabilities amounting to HK$544,000 for the Year (2020: HK$787,000) were incurred as a result of the application of Hong Kong Financial Reporting Standard 16 "Leases".

The Group's revenue was mainly derived in Hong Kong during the Year. For the year ended 31 March 2021, there is income tax credit of HK$370,000 (2020: income tax expense of HK$2,385,000). No provision for Hong Kong Profits Tax is provided for the year ended 31 March 2021 as the subsidiaries operating in Hong Kong have no assessable profits. The income tax credit mainly arose from the increase in non-taxable income such as income from government grants. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

As a result of the above factors, profit attributable to owners of the Company for the year ended 31 March 2021 recorded a decrease of HK$8,203,000 or 68.1% to HK$3,844,000 as compared to a profit of HK$12,047,000 for Year 2020.

For the year ended 31 March 2021, the basic earnings per share was HK0.50 cent (2020: HK1.60 cents), the calculation of which is based on the profit for the year attributable to owners of the Company of HK$3,844,000 (2020: HK$12,047,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2020: 751,147,541 ordinary shares). Diluted earnings per share is the same as the basic earnings per share because the Company had no dilutive potential ordinary shares during the years ended 31 March 2021 and 2020.

LIQUIDITY, FINANCIAL RESOURCES, FOREIGN EXCHANGE RISK EXPOSURE AND CAPITAL COMMITMENTS

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilize the funding efficiently and to manage the financial risks effectively. The Group generally meets its working capital requirements from its internally generated funds, and maintains a healthy financial position.

As at 31 March 2021, the Group had net current assets and net assets of HK$113,405,000 (2020: HK$128,415,000) and HK$176,227,000 (2020: HK$181,666,000) respectively. As at 31 March 2021, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 6.1 (2020: 6.4).

Bank Balances and Cash and Time Deposits

Bank balances and cash and time deposits held by the Group amounted to HK$100,482,000 as at 31 March 2021 (2020: HK$114,096,000), of which HK$59,987,000 (2020: HK$54,935,000) was bank balances and cash and HK$40,495,000 (2020: HK$59,161,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars and Renminbi.

Other Financial Resources and Gearing

As at 31 March 2021 and 2020, the Group did not have any bank borrowing and therefore, a gearing ratio (calculated based on the interest-bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period and multiplied by 100%) was not applicable as at 31 March 2021 and 2020.

Foreign Exchange Exposure

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Japanese yen, Australian dollars and Renminbi. The Group currently does not have any foreign currency hedging policy. However, the Group maintains a conservative approach in treasury management by constantly monitoring foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

Capital Commitments

As at 31 March 2021, the Group did not have any capital commitment (2020: Nil).

USE OF PROCEEDS

In February 2020, the Company entered into a subscription agreement with each of the three independent investors who subscribed for certain new shares of the Company (the "**Subscription**"). The aggregate gross proceeds from the Subscription were HK$4,800,000 and the aggregate net proceeds from the Subscription (the "**Net Proceeds**"), after deducting related expenses, were HK$4,675,000. For details, please refer to the Company's announcements dated 18 and 26 February 2020, respectively.

As at 31 March 2020, the Net Proceeds intended for general working capital of the Group had not been utilized. As at 31 March 2021, the Net Proceeds amounting to HK$4,675,000 had been fully utilized for general working capital.

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2021.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: Nil).

EMPLOYEE INFORMATION

As at 31 March 2021, the Group had 164 (2020: 201) employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market condition. In addition to salary and commission payment to staff, other staff benefits include a share option scheme, discretionary bonus, staff discount on purchases and internal training.

DIVIDEND

The Board has resolved to recommend a final dividend of HK1 cent per ordinary share for the year ended 31 March 2021, totalling HK$7,620,000 (2020: HK1 cent, totalling HK$7,620,000). Such payment of dividend will be subject to the approval of the Shareholders at the forthcoming AGM and has not been recognized as a liability in this annual report. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 8 October 2021.

FUTURE OUTLOOK AND PROSPECTS

The year under review was a drastic year with the pandemic affecting the globe. Recently, number of new cases of COVID-19 appears to be reduced in many parts of the world. People have adopted the life in the era of the "new normal" and situations seem to be gradually stabilized.

In Macau, the retail business of physical stores and sales counters were the first to be revitalized as the re-opening of the border for visitors from the Mainland China since September 2020. Sales in Macau are in the course of recovering to pre-pandemic level and it is expected that economic activities in Macau will continue to foster with the launch of new consumption e-voucher scheme.

In Hong Kong, retail sales have been hindered by closure of border with almost no in-bound visitors, various social distancing measures and unfavourable economic conditions reducing local consumer sentiments. With the recent improved epidemic conditions, the kick-off of the vaccination program and the roll-out of the consumption voucher scheme by the government of the HKSAR, retail sectors are expected to gradually pick up the momentum for local consumers. Meanwhile, the Group has launched strategic marketing campaign with various advertising program featuring in social media, television and public transportation to further establish the brand and product image of supreme quality to strengthen local customer base. In anticipation of re-opening of the inbound border in the future, the sales of the Group will fully resume and grow in both the local and tourist markets.

The pandemic has catalyzed the development of online shopping, in particular, the global trend of omni-channel retailing. The Group will continue to utilize digital technology and various social media platforms to promote "livestream shopping" and introduce "Key Opinion Consumers" (KOC) who have experienced products and shared their authentic comments to increase credibility and attract potential customers. Seamless online-to-offline (O2O) shopping experiences is continued to be enhanced by providing resourceful product and health information, quality services and reliable product delivery to each valuable customer.

In summary, headwinds and turbulences in the retail sector still exist in the near future. The Group will continue to constantly review the global and local market development and adopt proactive strategies to achieve sustainable growth of the business.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Choy Chi Fai (蔡志輝), aged 47, one of the founders of the Group, was appointed as a Director on 17 April 2015 and is currently an executive Director, the Chairman and a Co-CEO. He is also a member of each of the Remuneration Committee and the Nomination Committee. In addition, Mr. Choy is a director of all of the subsidiaries of the Company and a director and shareholder of Beatitudes, a substantial shareholder of the Company. Mr. Choy is responsible for the overall direction and management of the Group. Before founding the Group in 2001, Mr. Choy (together with Mrs. Choy) had been engaged in the business of trading and distribution in Hong Kong. Mr. Choy has more than 20 years' experience in marketing, distribution, wholesale and retail of health supplement products in Hong Kong, which he gained from the operation of the Group.

Mr. Choy obtained a Bachelor of Arts degree from the Hong Kong Baptist University in December 2000. He received a Diploma of Food and Nutritional Sciences from The Chinese University of Hong Kong in May 2010 and a Master of Arts degree in Comparative and Public History from the same university in December 2010, a Master of Christian Studies by Evangel Seminary in June 2018. Mr. Choy has also received the "Outstanding Entrepreneur Awards" from Capital Entrepreneur in February 2017.

Mr. Choy has been active in Hong Kong's health food industry and business circles. He has been appointed as a council member of Hong Kong Health Food Association and an honorary president of The Cosmetic & Perfumery Association of Hong Kong Limited since 2010 and 2014, respectively. He has served as an Honourable Career Advisor of Hong Kong Baptist University Career Mentorship Programme since 2009, a programme adviser for Health & Applied Sciences Division of the School of Continuing and Professional Studies of The Chinese University of Hong Kong since September 2013 and a Mentor of Hong Kong Science and Technology Parks Corporation Mentorship Programme since 2019. Mr. Choy has also been a member of Small and Medium-sized Enterprises Mentorship Programme of the Employees Retraining Board since 2015, the Programme Management Committee of the Enterprise Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) since 2018 and Hong Kong Trade Development Council Mainland Business Advisory Committee since 2019.

In addition to his business achievement, Mr. Choy has taken active participation in Hong Kong's education, social activities and development. Mr. Choy has been appointed to the public positions below:

- SC.Net member of the Community Investment and Inclusion Fund organized by HKSAR's Labour and Welfare Bureau since 2020;

- Scholarship committee member of The Future Stars — Upward Mobility Scholarship organized by HKSAR Commission on Poverty since 2019;

- Advisor of HKSAR Auxiliary Medical Service Officers' Club in Kwai Tsing District since 2018;

- Assistant Liaison Officer II (KTY) of HKSAR Auxiliary Medical Service since 2018;

- Deputy Chief Supervisor of Hong Kong Road Safety Patrol (Deputy Commander, Mong Kok District) since 2019;

- Divisional Vice President for Hong Kong Island & Kowloon Youth Command of Hong Kong St. John Ambulance Brigade since 2018;

- Honorary President for Honorary President Council of Mong Kok District Junior Police Call since 2018;
- Chairman of Ning Po College Alumni Association Education Fund Executive Committee since 2010;
- Vice President of The Healthy Harmonious & Caring Campus Award Scheme in Kwun Tong District since 2018;
- Director of Tien Dao Publishing House Limited since 2017; and
- Director of Chinese Christian Herald Crusades (Hong Kong) since 2011.

Mr. Choy is the spouse of Ms. Ho Ka Man (executive Director, Vice Chairman, Co-CEO and marketing director of the Group) and the brother-in-law of Mr. Ho Chun Kit, Saxony (executive Director and business development director of the Group).

Ms. Ho Ka Man (何家敏), aged 46, one of the founders of the Group, was appointed as a Director on 17 April 2015 and is currently an executive Director, the Vice Chairman, a Co-CEO and the marketing director of the Group. She is also a director of Truth & Faith and certain other subsidiaries of the Company and a director and shareholder of Beatitudes, a substantial shareholder of the Company. Mrs. Choy is responsible for overseeing the operation of the marketing team of the Group and formulating marketing strategies and promotion plans. Before founding the Group in 2001, Mrs. Choy (together with Mr. Choy) had been engaged in the business of trading and distribution in Hong Kong. She has more than 20 years of experience in marketing of health supplement products in Hong Kong, which she gained from the operation of the Group. Mrs. Choy has also received the award of "CEO of the year 2017" from South China Media Capital CEO, the "Outstanding Businesswomen Award 2017" from Hong Kong Commercial Daily and "GBA Outstanding Women Entrepreneur Award 2018" from Hong Kong Small and Medium Enterprises Association and Metro Finance. Under Mrs. Choy's leadership and supervision, the Group has successfully promoted the brand image and a comprehensive range of health products and has been awarded and recognized by different organizations in recent years.

Mrs. Choy received a Higher Diploma of Fashion and Textile Merchandizing from The Hong Kong Polytechnic University in November 1997 and was awarded a Master of Christian Studies by Evangel Seminary in June 2018. She has been appointed as a mentor of the Small and Medium-sized Enterprises Mentorship Programme of the Employees Retraining Board since 2018.

Ms. Ho is the spouse of Mr. Choy Chi Fai (executive Director, Chairman and Co-CEO) and the younger sister of Mr. Ho Chun Kit, Saxony (executive Director and business development director of the Group).

Directors and Senior Management

Mr. Ho Chun Kit, Saxony (何俊傑), aged 51, was appointed as an executive Director on 15 May 2015 and is also the business development director of the Group. Mr. Ho joined the Group on 4 March 2013 and is currently responsible for sales and marketing development and expansion of the Group's business.

Mr. Ho obtained a Postgraduate Diploma in Marketing from The Chartered Institute of Marketing in December 2003. Prior to joining the Group, Mr. Ho has gained more than 20 years' experience in the financial market. He served as a senior manager of Nittan Capital Asia Limited between August 2005 and December 2012.

Mr. Ho is the brother-in-law of Mr. Choy Chi Fai (executive Director, Chairman and Co-CEO) and the elder brother of Ms. Ho Ka Man (executive Director, Vice Chairman, Co-CEO and marketing director of the Group).

Mr. Au Chun Kit (區俊傑), aged 45, was appointed as an executive Director on 15 May 2015 and is also the operation director of the Group. Mr. Au joined the Group on 16 September 2013 and is currently responsible for the information technology system and infrastructure of the Group, including development of the online sales channels and maintenance of the Enterprise Resource Planning (ERP) system. He is also in charge of the administrative support of the specialty stores and sales counters at consignee retail stores.

Mr. Au received a Bachelor of Engineering degree in Computer Sciences from the Hong Kong University of Science and Technology in November 1998. Prior to joining the Group, Mr. Au worked as a senior system analyst (later promoted to information technology manager) at Hong Yip Service Company Limited (a subsidiary of Sun Hung Kai Properties Limited (stock code: 00016), a company listed on the Main Board of the Stock Exchange) between September 2006 and August 2013. Mr. Au possesses more than 20 years' experience working in information technology and management in a wide range of industries.

Mr. Au is the cousin-in-law of Ms. Tang Wing Shan (Company Secretary and financial controller of the Group).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Luk Ting Kwong (陸定光), aged 66, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Nomination Committee and a member of the Audit Committee. Prof. Luk is responsible for providing independent advice to the Board. Prof. Luk received the degrees of Master of Business Administration and Doctor of Philosophy from the University of New South Wales in October 1985 and May 2001, respectively.

Prof. Luk has been a Professor of Marketing at the Emlyon Business School (France) and a director of Eurasia Centre for Brand Management since January 2019. He is a brand guru and has extensive brand and marketing management experience in Hong Kong and the Mainland China. He is the founder of the Asian Centre for Brand Management (currently known as Asian Centre for Branding & Marketing) at The Hong Kong Polytechnic University. He has been appointed as a member of the Technical Advice Committee of the Hong Kong Brand Development Council and a consultant at the Federation of Hong Kong Brands since April 2008. Prof. Luk is currently a director of Sherriff & Associates Co. Ltd. (Hong Kong and Shenzhen).

Mr. Ko Ming Kin (高銘堅), aged 58, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Ko is responsible for providing independent advice to the Board. He was awarded a Professional Diploma in Accountancy by the Hong Kong Polytechnic (now The Hong Kong Polytechnic University) in November 1986. Mr. Ko became an associate member of Hong Kong Institute of Certified Public Accountants in April 1990. He has been a fellow member of the Association of Chartered Certified Accountants since April 1995. Mr. Ko was admitted as a member of Hong Kong Securities and Investment Institute in December 1998. He was admitted as an associate of the Institute of Chartered Accountants in England and Wales in August 2007, and became a fellow thereof in August 2017.

Mr. Ko has worked for a major international accounting firm and various listed companies in Hong Kong, gaining more than 25 years' experience in accounting services and corporate financial management. Mr. Ko now serves as the chief financial officer and the company secretary of Crocodile Garments Limited (stock code: 00122), a company listed on the Main Board of the Stock Exchange and is responsible for the company's management, financial functions, legal, inventory logistics and shipping affairs.

Dr. Wan Cho Yee (尹祖伊), aged 52, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Dr. Wan is responsible for providing independent advice to the Board. He received the degrees of Bachelor of Science in Business Administration and Master of Business Administration from San Francisco State University in January 1994 and May 1995, respectively. He also received the degree of Doctor of Business Administration from the Hong Kong Baptist University in November 2019.

Dr. Wan has become the Chief Drucker Educator of Peter F. Drucker Academy since January 2017 and provides training and consultancy services to different corporations, non-profit organizations and government departments in Hong Kong and the Mainland China, covering the topics of leadership, management, innovation and strategy. Besides, he is an Adjunct Lecturer of Hong Kong University SPACE teaching the topics of entrepreneurship, leading change and cultural management.

SENIOR MANAGEMENT

Ms. Tang Wing Shan (鄧穎珊), aged 46, was appointed as the Company Secretary and the financial controller of the Group in May 2015 and June 2013, respectively. She joined the Group in June 2013. Ms. Tang is responsible for managing the Group's financial team and supervising company secretarial, corporate finance, treasury, financial reporting, tax and other related financial matters.

Ms. Tang obtained a Bachelor of Commerce from the University of Toronto in June 1997 and a Bachelor of Administrative Studies from York University in November 1999. She was awarded a Master of Business Administration by Laurentian University in October 2006. Ms. Tang was admitted as a Certified General Accountant by the Certified General Accountants Association of Ontario in September 2001. She became a member of the Chartered Professional Accountants of Ontario in 2014. Besides, she was admitted as a fellow member of the Association of Chartered Certified Accountants in March 2008. Ms. Tang possesses about 20 years' experience in accounting services.

Ms. Tang is the cousin-in-law of Mr. Au Chun Kit (executive Director and operation director of the Group).

Ms. Yam Sau Man (甄秀雯), aged 39, is a deputy director of marketing department of the Group. She first joined the Group as a marketing executive in October 2003 and she rejoined in October 2004. Ms. Yam is responsible for the management of designated sales counters in consignee stores and specialty stores and the training for the frontline sales staff in Hong Kong and Macau. Ms. Yam was promoted to a senior marketing manager in February 2013 and was promoted to a deputy director of marketing department in April 2019 based on her contribution in expanding the sales and distribution network in the past 16 years' service.

Ms. Yam graduated from the Hong Kong Institute of Vocational Education with a Higher Diploma in Food Science and Technology in July 2003. Upon her graduation, Ms. Yam joined the Group in October 2003.

Ms. Mo Suet Lin (巫雪蓮), aged 44, is a deputy director of marketing department of the Group. She joined the Group in August 2013. Ms. Mo is responsible for promotion activities, publicity materials and brand image of the Group.

Ms. Mo obtained a Bachelor of Arts degree in Chinese Language and Literature from the Hong Kong Baptist University in December 2000. Ms. Mo completed a course held by Beauty Tech and was awarded a certificate of Diploma in Beauty Therapy. She was also awarded a Diploma in Beauty Therapy (China) by the City and Guilds of London Institute in July 2005. She completed the Postgraduate Diploma in Education from The Chinese University of Hong Kong in December 2010. Before joining the Group, Ms. Mo joined Intelligent Beauty Tech Trading Ltd. as a beauty purchaser between October 2012 and March 2013.

Ms. Lai Ka Wai (黎家蕙), aged 35, is the senior human resources and administrative manager of the Group. She joined the Group in November 2005. Ms. Lai oversees human resources and general administration matters.

Ms. Lai obtained a Diploma in Accounting Studies from YMCA College of Careers in June 2004. She was awarded a Certificate of Business Calculations certified by the London Chamber of Commerce and Industry. Ms. Lai joined the Group as an accounting clerk in November 2005 and was promoted to the senior management in February 2015 based on her experience in administration and dedication to the Group in the past 10 years.

Ms. Lai Sze Yiu (黎思瑤), aged 34, is the operation manager of the Group. She joined the Group as senior operation officer in January 2016 and was promoted to the senior management in October 2016. Ms. Lai is primarily responsible for product development, quality control and regulatory affairs of the Group.

Ms. Lai obtained a Bachelor of Science degree in Food Quality and Safety from Guangdong Pharmaceutical University in June 2010, and a certificate of BRC Global Standard for Agents & Brokers in July 2015. She was awarded a Master of Science in Marketing by City University of Hong Kong in August 2018. Ms. Lai possesses about 10 years' relevant experience in food industry. Prior to joining the Group, Ms. Lai served as a technical service executive of SGS Hong Kong Limited between October 2011 and January 2016.

Corporate Governance Report

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

Save for the deviation from code provision A.2.1 of the CG Code as disclosed in this report below, the Company has adopted and complied with all applicable code provisions as set out in the CG Code during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Articles of Association. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to the management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Company holds the view that the Board should include a balanced composition of executive Directors and INEDs so that there is a strong independent element on the Board which can effectively exercise independent judgement.

As at the date of this annual report, the Board comprises the following seven Directors, of which the INEDs in aggregate represent over 40% of the Board members:

Executive Directors

Mr. Choy Chi Fai *(Chairman and Co-CEO)*
Ms. Ho Ka Man (*Vice Chairman and Co-CEO)*
Mr. Ho Chun Kit, Saxony
Mr. Au Chun Kit

INEDs

Prof. Luk Ting Kwong
Mr. Ko Ming Kin
Dr. Wan Cho Yee

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The family relationship among certain executive Directors is as follows:

	Relationship with		
Name of Executive Directors	**Mr. Choy Chi Fai**	**Ms. Ho Ka Man**	**Mr. Ho Chun Kit, Saxony**
Mr. Choy Chi Fai	—	Husband	Brother-in-law
Ms. Ho Ka Man	Wife	—	Younger sister
Mr. Ho Chun Kit, Saxony	Brother-in-law	Elder brother	—

Save as disclosed aforesaid, there was no financial, business, family or other material relationship among the Directors.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the Year, the Company had three INEDs, meeting the requirements of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the Year and up to the date of this annual report.

During the Year, the Chairman, being an executive Director, held one meeting with the INEDs without the presence of other Directors.

Proper insurance coverage in respect of legal actions against the Directors has been arranged by the Company.

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under statutes and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records.

During the Year, all Directors, namely Mr. Choy, Ms. Ho, Mr. Ho Chun Kit, Saxony, Mr. Au Chun Kit, Prof. Luk Ting Kwong, Mr. Ko Ming Kin and Dr. Wan Cho Yee had participated in continuing professional development by reading updates provided by the Company Secretary to refresh their knowledge in corporate governance and directors' duties and responsibilities and/or attending relevant seminars organized by professional bodies in Hong Kong.

Meetings of the Board and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the regular Board meeting, or such other period as agreed for other Board meetings. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

The Board held 4 meetings during the Year and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 31 March 2020 and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2020.

The attendance of each Director at the Board meetings during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Choy Chi Fai	4/4
Ms. Ho Ka Man	4/4
Mr. Ho Chun Kit, Saxony	4/4
Mr. Au Chun Kit	4/4
Prof. Luk Ting Kwong	4/4
Mr. Ko Ming Kin	4/4
Dr. Wan Cho Yee	4/4

During the Year, the Company held 1 AGM and was attended by all Directors, namely Mr. Choy, Ms. Ho, Mr. Ho Chun Kit, Saxony, Mr. Au Chun Kit, Prof. Luk Ting Kwong, Mr. Ko Ming Kin and Dr. Wan Cho Yee.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. In view of the present composition of the Board, the in-depth knowledge of the Chairman (who is also a Co-CEO) of the operations of the Group and the health and personal care industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Choy Chi Fai to assume the roles of both the Chairman and the Co-CEO. As all major decisions are made in consultation with all the members of the Board, with the three INEDs offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established on 20 July 2016 with written terms of reference in compliance with the CG Code and the Listing Rules. Such terms of reference were revised with effect from 1 January 2019. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. It comprises three INEDs, namely Mr. Ko Ming Kin, Prof. Luk Ting Kwong and Dr. Wan Cho Yee. Mr. Ko Ming Kin is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging an external auditor to supply non-audit services;
- reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements, annual report and accounts, half-year report, and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's financial controls, and risk management and internal control systems;
- discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have such effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter, any material queries raised by the auditor to senior management about the accounting records, financial accounts or systems of control and senior management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter; and
- considering other topics as determined by the Board.

During the Year, 3 Audit Committee meetings were held and, amongst other matters, (i) considered and approved for presentation to the Board for consideration and approval of the audited consolidated financial statements of the Group for the year ended 31 March 2020 and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2020; (ii) reviewed the risk management and internal control systems; and (iii) discussed with independent auditor about the audit plan for the audit for the year ended 31 March 2021.

The attendance of each INED at the Audit Committee meetings during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Ko Ming Kin	3/3
Prof. Luk Ting Kwong	3/3
Dr. Wan Cho Yee	3/3

Remuneration Committee

The Remuneration Committee was established on 20 July 2016 with written terms of reference in compliance with the CG Code and the Listing Rules. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises two INEDs, namely Dr. Wan Cho Yee and Mr. Ko Ming Kin, and an executive Director Mr. Choy Chi Fai. Dr. Wan Cho Yee is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of the non-executive Directors;
- considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;
- reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and

- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Year, 1 Remuneration Committee meeting was held and, amongst other matters, considered and approved for presentation to the Board for consideration and approval the remuneration of the Directors and senior management.

The attendance of each Director in the capacity of a member of the Remuneration Committee at the meeting during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Dr. Wan Cho Yee	1/1
Mr. Ko Ming Kin	1/1
Mr. Choy Chi Fai	1/1

Nomination Committee

The Nomination Committee was established on 20 July 2016 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. It comprises two INEDs, namely Prof. Luk Ting Kwong and Dr. Wan Cho Yee, and an executive Director Mr. Choy Chi Fai. Prof. Luk Ting Kwong is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of the INEDs; and

- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executives.

During the Year, 2 Nomination Committee meetings were held and, amongst other matters, considered, assessed and approved (i) the structure, size and composition of the Board; (ii) the independence of the INEDs; and (iii) the recommendations to be made to the Board on the re-appointment of retiring Directors at the AGM held in September 2020.

The attendance of each Director in the capacity of a member of the Nomination Committee at the meetings during the Year is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Prof. Luk Ting Kwong	2/2
Dr. Wan Cho Yee	2/2
Mr. Choy Chi Fai	2/2

Board Diversity Policy

The Board has adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognizes and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

Nomination Policy

Purpose

This policy sets out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment or (ii) the Shareholders for election, as a Director.

Nomination Criteria

The Nomination Committee will consider a number of factors in making nominations, including but not limited to the following:

- The candidate should possess the skills, knowledge and experience which are relevant to the business of the Company or its subsidiaries;
- The candidate should be able to devote sufficient time to attend Board meetings and participate in induction, trainings and other Board associated activities;
- Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives (including but not limited to gender, age and cultural/professional background etc.) and the balance of skills and experience in Board composition;
- The candidate must satisfy the Board that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence as a Director; and

- The candidate to be nominated as an INED must comply with the independence criteria set out in Rule 3.13 of the Listing Rules.

Nomination Procedures

➢ If the Nomination Committee determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate;

➢ The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board; and

➢ On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as Director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

Corporate Governance Functions

The Board recognizes that corporate governance should be the collective responsibility of the Directors, which includes but is not limited to:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors entered into a service contract with the Company for a term of three years effective on 12 September 2019.

Each of the INEDs entered into a service contract with the Company for a period of three years effective on 12 September 2019.

None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the employer within one year without the payment of compensation (other than the statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not 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 at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 March 2021 are set out in note 10 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended 31 March 2021 by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to 1,000,000	5

INDEPENDENT AUDITOR'S REMUNERATION

For the year ended 31 March 2021, Wellink CPA Limited ("**Wellink**") was engaged as the Group's independent auditor.

The remuneration payable to Wellink for the year ended 31 March 2021 is set out below:

Services	Fee payable HK$
Audit services	778,000
Non-audit services	—

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2021.

The Directors were 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.

In addition, Wellink has stated in the independent auditor's report its reporting responsibilities on the Group's consolidated financial statements for the year ended 31 March 2021.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Company has reviewed the need for an internal audit function since the Listing Date and considered it appropriate to outsource the internal audit function. Accordingly, the Company has engaged an external professional company to provide internal audit services to the Group on an annual basis.

During the year ended 31 March 2021, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the Year covering all material controls, including financial, operational and compliance as well as risk management. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced as soon as possible when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website; and

- the Group has strictly prohibited unauthorized use of confidential or inside information.

COMPANY SECRETARY

Since May 2015, the Company has appointed Ms. Tang Wing Shan as the Company Secretary who has sound understanding of the operations of the Board and the Group. She was closely involved in the preparation of the Listing. During the year ended 31 March 2021, Ms. Tang has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

As the Company Secretary, Ms. Tang has been reporting to the Chairman who is also a Co-CEO. All members of the Board can have access to her advice and services. The appointment and removal of the Company Secretary will be subject to the Board's approval.

DEED OF NON-COMPETITION

The Company has received an annual written confirmation from each of the controlling shareholders of the Company, namely Mr. Choy, Ms. Ho and Beatitudes in respect of him/her/it and his/her/its associates in compliance with the undertakings given under the deed of non-competition dated 20 July 2016 and signed by Mr. Choy, Ms. Ho and Beatitudes in favour of the Company (the "**Deed of Non-competition**"). Details of the Deed of Non-competition are set out in the section headed "Deed of Non-competition" of "Relationship with Controlling Shareholder" in the Prospectus. The INEDs had reviewed the confirmations and did not notice any incident of non-compliance with the Deed of Non-competition.

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

Shareholders are welcome to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Shareholders who wish to make proposals or move a resolution may convene an EGM in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the requisitionists will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If the Board fails to proceed to convene such meeting within 21 days of the deposit of the Requisition, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong, presently at Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong, by post or by email to info@ausupreme.com, for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibilities to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

DIVIDEND POLICY

All dividend distribution of the Company is adequately provided and complied with the requirements of the M&A and applicable laws and regulations. The declaration and payment of dividends should be limited by legal restriction and by loan or other agreement that the Company and its subsidiaries have entered into or may enter into in the future.

In general, final dividend distribution will be recommended by the Board and approved by the Shareholders.

The procedures of dividend distribution are as follows:

(a) The Company may distribute dividend by way of cash or by other means that the Board considers appropriate;

(b) The Board may recommend a distribution of dividends in the future after taking into account the result of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other condition that the Board may deem relevant;

(c) The Company should not assure to distribute any amount of dividend in any year;

(d) Any proposed distribution of dividends is subject to the discretion of the Board and the approval of the Shareholders, if necessary; and

(e) The Company Secretary prepares relevant documents and announcements (including notice and minutes) for Directors' meeting and Shareholders' meeting. All documents are finally filed in the statutory records at the financial department.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the year ended 31 March 2021. The M&A is available on the respective websites of the Stock Exchange and the Company.

Report of the Directors

The Directors present to the Shareholders their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

During the Year and up to the date of this report, the principal activity of the Company is investment holding and the principal business activities of the Group are retail and wholesale of health and personal care products. The Group is a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the developing, marketing, selling and distributing of the branded products managed by the Group through "澳至尊" sales and distribution network.

An analysis of the Group's segment information for the Year by sales channels, categories and geographical areas is set out in note 6 to the consolidated financial statements.

USE OF NET PROCEEDS FROM THE ISSUE OF NEW SHARES

The net proceeds from the issue of new Subscription Shares amounted to approximately HK$4,675,000 (after deducting related expenses) had been fully utilized as at 31 March 2021. The details are set out in the section headed "Use of Proceeds" of "Management Discussion and Analysis" on page 22 of this annual report.

RESULTS AND DIVIDENDS

Details of the consolidated profit of the Group for the Year and the Group's financial position as at 31 March 2021 are set out in the consolidated financial statements and their accompanying notes on pages 78 to 143 of this annual report.

The Board has resolved to recommend a final dividend of HK1 cent per Share for the year ended 31 March 2021, totalling HK$7,620,000 (2020: HK1 cent, totalling HK$7,620,000) payable to the Shareholders whose names will appear on the register of members of the Company on 15 September 2021. Such payment of dividend will be subject to the approval of the Shareholders at the AGM to be held on 3 September 2021 and has not been recognized as a liability in this annual report. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 8 October 2021.

BUSINESS REVIEW

A fair review of the businesses of the Group, an indication of likely future development in the Group's business as well as a discussion and analysis of the Group's performance during the Year using financial key performance indicators and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed "Management Discussion and Analysis" set out on pages 18 to 23 of this annual report. The financial risk management objectives and policies of the Group are set out in note 5 to the consolidated financial statements. These discussions form part of this report.

Principal Risks and Uncertainties

The following list, although not exhaustive, highlights the principal risks and uncertainties facing the Group.

Impact of Local and International Regulations

Our business is principally regulated by various laws and regulations in the places where we operate our business as well as the relevant sub-legislations and regulations. Various registrations, certificates and/or licences for the conduct of our business are required under the relevant laws and regulations, which also contain provisions for requirements on the storage, labelling, advertising and importation of some of our products. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducts studies to assess the impact of such changes.

Third-Party Risks

The Group's sales and supply of products have been relying on third parties. While gaining the benefits from external parties, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service, including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group only engages reputable suppliers and consignees as well as closely monitors their performance.

Financial Risks and Estimation Uncertainty

The risks of the Group include market risks (i.e. currency risk and interest rate risk), credit risk and liquidity risk. The key sources of estimation uncertainty and financial risk are set out in note 4 and note 5 to the consolidated financial statements in this annual report, respectively.

Event after the Reporting Period

A final dividend in respect of the year ended 31 March 2021 of HK1 cent per ordinary share, totalling HK$7,620,000 was proposed pursuant to a resolution passed by the Board on 29 June 2021 and will be subject to the approval of the Shareholders at the AGM to be held on 3 September 2021. The proposed final dividend has not been recognized as a liability in this annual report.

Environmental, Social and Governance Report

The Group is committed to maintaining the long-term sustainability of the environment and devoted to building an environmentally friendly corporation. The Group implements policies and practices to achieve resources conservation, energy saving and waste reduction, so as to minimize its impact on the environment.

Detailed information on the environmental, social and governance practices adopted by the Group is set out in the "Environmental, Social and Governance Report" on pages 58 to 71 of this annual report.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Group's policies and practices on compliance with legal and regulatory requirements are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself was incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange in Hong Kong. Our establishment and operations accordingly have complied with relevant laws and regulations in Hong Kong and the Cayman Islands during the Year.

Relationships with Employees, Customers and Suppliers

The Group ensures that all staff are reasonably remunerated and we regularly review and improve our policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyze and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 25 to the consolidated financial statements in this annual report.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 78. The financial position of the Group as at 31 March 2021 is set out in the consolidated statement of financial position on pages 79 to 80. The financial position of the Company as at 31 March 2021 is set out in note 30 to the consolidated financial statements on pages 142 to 143. The cash flows of the Group for the year ended 31 March 2021 are set out in the consolidated statement of cash flows on pages 82 to 83.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in notes 25 and 30 to the consolidated financial statements in this annual report, respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the aggregate of share premium plus retained profit. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to Shareholders subject to the provisions of its M&A. As at 31 March 2021, the reserves available for distribution to Shareholders were approximately HK$107,020,000 which represented the aggregate of share premium of HK$91,260,000 plus retained profit of HK$15,760,000.

DONATIONS

During the year ended 31 March 2021, the Group's charitable and other donations amounted to HK$272,000 (2020: HK$439,000).

DIRECTORS

The Directors during the Year and up to the date of this report are:

Executive Directors

Mr. Choy Chi Fai *(Chairman and Co-CEO)*
Ms. Ho Ka Man *(Vice Chairman and Co-CEO)*
Mr. Ho Chun Kit, Saxony
Mr. Au Chun Kit

Independent Non-executive Directors

Prof. Luk Ting Kwong
Mr. Ko Ming Kin
Dr. Wan Cho Yee

Pursuant to Article 108 of the Articles of Association, at each AGM, 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 and shall be eligible for re-election. Therefore, Ms. Ho Ka Man, Mr. Au Chun Kit and Prof. Luk Ting Kwong shall retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

All Directors are subject to retirement by rotation and re-election at the AGM at least once every three years pursuant to the Articles of Association.

The biographical details of Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 24 to 28 of this annual report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs, an annual written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

All Directors (including executive Directors and INEDs) were appointed for an initial term of three years and are subject to retirement by rotation at least once every three years in accordance with the Articles of Association. No Director (including any Director proposed for re-election at the forthcoming AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or subsisted at the end of the Year.

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

As at 31 March 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in the Shares

Name of Directors	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares
Mr. Choy Chi Fai	interest in a controlled corporation *(Note)*	562,500,000	73.82%
Ms. Ho Ka Man	interest in a controlled corporation *(Note)*	562,500,000	73.82%

Note: Each of Mr. Choy Chi Fai and Ms. Ho Ka Man (together as a group of the controlling shareholders) owns 50% of the issued share capital of Beatitudes, a company incorporated in the British Virgin Islands and considered as the parent and ultimate parent company of the Company, respectively. As at 31 March 2021, Beatitudes was the beneficial owner holding an approximately 73.82% shareholding interest in the Company and thus, each of Mr. Choy Chi Fai and Ms. Ho Ka Man was deemed or taken to be interested in all the Shares which were beneficially owned by Beatitudes for the purpose of the SFO.

(ii) Long positions in the ordinary shares of Beatitudes — an associated corporation of the Company

Name of Directors	Capacity/Nature of Interests	Number of ordinary shares held	Percentage of the total issued ordinary shares of Beatitudes
Mr. Choy Chi Fai	Beneficial owner	50	50%
Ms. Ho Ka Man	Beneficial owner	50	50%

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which had notified to the Company and the Stock Exchange under the SFO or pursuant to Section 352 of the SFO, entered in the register referred to therein or which were, pursuant to the Model Code, notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Pursuant to the written resolution of the sole Shareholder passed on 20 July 2016, the Company adopted a share option scheme (the "**Share Option Scheme**") conditional upon the Listing. The Share Option Scheme became effective on the Listing Date. No share options have been granted since the Listing Date and therefore, there were no outstanding share options as at 1 April 2020 and 31 March 2021 and no share options were exercised or cancelled or lapsed during the Year.

The principal terms of the Share Option Scheme are set out as follows:

(1) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants (as stated below) and to promote the success of the business of the Group.

(2) Eligible participants

The Board may, at its absolute discretion and on such terms as it may think fit, offer to grant an option to subscribe for such number of Shares as it may determine to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, who, in the opinion of the Board, has contributed or will contribute to the development and growth of the Group.

(3) Maximum number of Shares available for issue

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 75,000,000 Shares, representing approximately 9.84% of all the Shares in issue as at the date of this annual report.

(4) Maximum entitlement of each eligible participant

Unless approved by the Shareholders in general meeting and subject to the following paragraph, the total number of Shares issued and to be issued upon exercise of options granted to any eligible participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

Where any grant of options to a substantial Shareholder or an INED (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options is required to be approved by Shareholders at a general meeting of the Company.

(5) Period within which the securities must be exercised under an option

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

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

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board in the relevant offer of options.

(7) Period for and consideration payable on acceptance of an option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

(8) Basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

(9) Remaining life

The Share Option Scheme will remain in force for a period of ten years commencing on the date of adoption of the Share Option Scheme and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above:

(a) at no time during the Year or at the end of the Year was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and

(b) none of the Directors or their spouses or children had any right to subscribe for the securities of the Company or had exercised any such right during the Year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2021, so far as it is known by or otherwise notified to any Director or the chief executives of the Company, the corporation and the person named below (other than a Director or the chief executive of the Company) had a long position in the following Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares
Beatitudes	Beneficial owner *(Note)*	562,500,000	73.82%
Gao Yuan	Beneficial owner	89,225,000	11.71%

Note: Beatitudes is a company incorporated in the British Virgin Islands, which owned an approximately 73.82% shareholding interest in the Company as at 31 March 2021.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any corporation which/person (other than a Director or the chief executive of the Company) who had interest or short position in the Shares or underlying Shares, which had been disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

REMUNERATION OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five individuals with the highest emoluments are set out in note 10 and note 11 to the consolidated financial statements in this annual report, respectively.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the updated details of Directors' information can be found in the section headed "Directors and Senior Management" on pages 24 to 28 of this annual report.

For information in relation to the emoluments of the Directors for the years ended 31 March 2021 and 2020, please refer to note 10 to the consolidated financial statements in this annual report. After the year ended 31 March 2021 and up to the date of this annual report, the changes in emoluments of the Directors are set out below:

1. Mr. Choy Chi Fai's monthly salary of the Company and monthly salary of a PRC subsidiary are increased by HK$30,000 and RMB10,000 respectively with effect from 1 April 2021; and

2. Ms. Ho Ka Man's monthly salary of the Company and monthly salary of a PRC subsidiary are increased by HK$30,000 and RMB10,000 respectively with effect from 1 April 2021.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors had any interest in a business apart from the Group's business that competed or was likely to compete, whether directly or indirectly, with the business of the Group. All of them declared that they had not engaged in business apart from the Group's business that competed or was likely to compete, whether directly or indirectly, with the business of the Group during the Year.

DEED OF NON-COMPETITION

The Company has received an annual written confirmation from each of the controlling shareholders of the Company, namely Mr. Choy, Ms. Ho and Beatitudes in respect of him/her/it and his/her/its associates in compliance with the undertakings given under the Deed of Non-competition. Details of the Deed of Non-competition are set out in the section headed "Deed of Non-competition" of "Relationship with Controlling Shareholder" in the Prospectus. The INEDs had reviewed the confirmations and did not notice any incident of non-compliance with the Deed of Non-competition.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in note 26 to the consolidated financial statements headed "Material Related Party Transactions" in this annual report and the section headed "Connected Transaction" of this report below, no Director nor a connected entity of a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisted at any time during the year under review or at the end of the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 26 to the consolidated financial statements in this annual report and the section headed "Connected Transaction" of this report below, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association, every Director or other officer of the Company shall be indemnified out of assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such articles shall only have effect in so far as their provisions are not avoided by the applicable laws and regulations. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year under review.

The relevant provisions in the Articles of Association and the Directors' and officers' liability insurance were in force during the Year and as of the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for less than 10% of the Group's total revenue for the Year. In addition, the five largest distributors of the Group accounted for 50.3% (2020: 72.0%) of the Group's total revenue and the largest distributor of the Group accounted for 24.2% (2020: 45.8%) of the Group's total revenue for the Year.

We purchased finished products mainly from three (2020: three) suppliers in Australia. The purchase from these major suppliers in Australia accounted for 98.1% (2020: 98.6%) and the largest supplier of the Group accounted for 69.5% (2020: 62.7%) of the Group's total purchases.

None of the Directors or any of their close associates or any Shareholders (whom to the knowledge of the Directors, own more than 5% of the total issued Shares) had any beneficial interest in the Group's five largest distributors and suppliers for the year under review.

FIVE-YEAR FINANCIAL SUMMARY

The five-year financial summary of the results as well as assets and liabilities of the Group is set out in the section headed "Five-Year Financial Summary" on page 144 of this annual report.

MANAGEMENT CONTRACTS

No contract, other than the executive Directors' service contracts, concerning the management and administration of the whole or any substantial part of business of the Company was entered into or existed during the year under review.

RELATED PARTY TRANSACTIONS

Details of material related party transactions undertaken on the normal commercial terms and in the ordinary course of business of the Group are provided under note 26 to the consolidated financial statements. The related party transactions disclosed in note 26(b) to the consolidated financial statements in this annual report constitute a one-off connected transaction of the Company as a result of the Group's application of HKFRS 16 and are fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Save as disclosed herein and in the paragraph headed "Connected Transaction" below, none of them constituted a one-off connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

During the Year, the Group has the following connected transaction as stated in note 26 to the consolidated financial statements in this annual report.

Prof Kiu International Limited ("**Prof Kiu**"), a company wholly owned by Mr. Choy Chi Fai and Ms. Ho Ka Man, the executive Directors, as landlord entered into a tenancy agreement with Truth & Faith, as tenant, pursuant to which Prof Kiu agreed to lease premises of unit C, 3/F., King Win Factory Building, Nos. 65–67 King Yip Street, Kowloon, Hong Kong (the "**Premises**") to Truth & Faith for a term of 3 years commencing on 1 July 2018 and expiring on 30 June 2021 (both days inclusive) at a monthly rental fee of HK$50,000 (the "**Tenancy Agreement**").

Given that each of Mr. Choy Chi Fai and Ms. Ho Ka Man is an executive Director, and that the Tenancy Agreement was entered into by the Group on the one hand, and a company ultimately and beneficially owned as to 100% by Mr. Choy Chi Fai and Ms. Ho Ka Man on the other hand, the Tenancy Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

Payment for lease liabilities (including interest) for the Tenancy Agreement during the year under review were HK$600,000 (2020: HK$600,000) and were paid to Prof Kiu in accordance with the terms of the Tenancy Agreement. The Directors (including the INEDs) are of the opinion that the above transaction was entered into during our ordinary and normal course of business on normal commercial terms, and the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As a result of the application of HKFRS 16 since 1 April 2019, the transaction contemplated under the Tenancy Agreement should be classified as a one-off connected transaction of the Company instead of a continuing connected transaction of the Company. Given that the highest of the applicable percentage ratios in respect of the value of right-of-use asset recognized under the transaction of the Tenancy Agreement is less than 1%, the transaction of the Tenancy Agreement is fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUBSIDIARIES

The particulars regarding the subsidiaries of the Company are set out in note 27 to the consolidated financial statements in this annual report.

BANK BORROWINGS

The Group did not have any bank borrowings as at 31 March 2021 (2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Throughout the Year, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

As disclosed in the section headed "Public Float" of "Report of the Directors" of the Company's annual report for the year ended 31 March 2020, an investor has held shareholding interest of 89,225,000 Shares, representing approximately 11.71% of the total issued share capital of the Company and was considered as a substantial Shareholder as defined under the Listing Rules. The public float of the Company dropped below the minimum percentage of public shareholders of 25% as prescribed by Rule 8.08 of the Listing Rules and inevitably caused the suspension of the trading in the Shares on the Stock Exchange from 16 March 2020 at the request of the Company.

According to the information that is publicly available to the Company and within the knowledge of the Directors, the public float of the Company is approximately 14.47% as at the date of this report. The Company considered various feasible options to solve the insufficient minimum public float issue. The Company has submitted proposals to the Stock Exchange to restore the minimum public float and will continue to liaise with the Stock Exchange to obtain its approval for the proposal to restore the minimum public float. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

For more details, please refer to the Company's announcements dated 11 October 2019, 14 October 2019, 16 January 2020, 26 February 2020, 17 March 2020, 11 June 2020, 14 October 2020, 16 December 2020, 16 March 2021 and 15 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 29 to 42 of this annual report.

EMOLUMENT POLICY OF THE GROUP

The emolument policy of the senior employees of the Group is set and recommended by the Remuneration Committee on the basis of the employees' merit, qualifications and competence.

The emoluments of the Directors are formulated and recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance of the Directors and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to eligible participants.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by Wellink, which would retire at the conclusion of the forthcoming AGM, and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders at the forthcoming AGM to re-appoint Wellink as the independent auditor of the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely Mr. Ko Ming Kin (chairman), Dr. Wan Cho Yee and Prof. Luk Ting Kwong.

The Audit Committee had reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2021, including the accounting principles and accounting practices adopted by the Group, and discussed matters relating to auditing, internal control and risk management systems, financial reporting and internal audit function.

On behalf of the Board

Choy Chi Fai
Chairman, Executive Director and Co-CEO

Hong Kong, 29 June 2021

Environmental, Social and Governance Report

The Group is principally engaged in retail and wholesale of health and personal care products. The Group understands the importance of environmental sustainability and protection and strives to strike a balance between efficient operation and environmental protection. The Group believes that a high standard of corporate social responsibility is essential for building up a good corporate and social relationship, motivating staff and creating a sustainable return to the Group. To achieve this, the Group has implemented the principles of sustainable development at operational levels such as day-to-day operations, strategic planning and investment, in order to create long-term value for Shareholders, stakeholders and communities.

This report contains information of the Group's principles, policies and performances in the areas of environment and society. The Group has prepared this report in accordance with the requirements stipulated in the Environmental, Social and Governance ("**ESG**") Reporting Guide contained in Appendix 27 to the Listing Rules, and this report has complied with the "comply or explain" provisions set out in the above-mentioned reporting guide. The reporting period of this report is from 1 April 2020 to 31 March 2021. The reporting boundary covered all business locations in Hong Kong unless otherwise specified.

ESG GOVERNANCE

The Board is determined to integrate the ESG philosophy into business strategies and operations of various level of the Group. This report has been reviewed by the Board. The Board is responsible for the execution and risk assessments of the Company's strategy concerning ESG matters. Senior management discusses with the Board about significant ESG issues and implements plans across major departments including Human Resources and Operation.

REPORTING PRINCIPLES

The following reporting principles have been applied in the preparation of this ESG report:

Materiality:

The Group constantly communicates with key stakeholders including customers, employees, Shareholders and suppliers through various channels such as mails, meetings, trainings, circulars, announcements, reports, phone calls and the Company's website. The Group is committed to engaging with its stakeholders to understand their views and respond to their enquiries to foster a better communication.

The Company regularly refers to the sustainability criteria when we review the materiality and disclosures in order to keep the sustainability priorities and strategy relevant. The Board and the management review the sustainability issues that are most significant to the business and operations of the Group, and consider the issues discussed in this report to be material to the Group.

Quantitative:

This report has disclosed key performance indicators in a quantitative manner, and has disclosed information on the standards, methodologies, assumptions or calculation tools used for the reporting of emissions and energy consumption.

Balance:

This report has presented a fair view on both the achievements made and challenges existed on critical aspects of sustainable development.

Consistency:

This report has used consistent methodologies as much as possible to allow for year-to-year comparison with performance of the previous year.

KEY PERFORMANCE INDICATOR ("KPI")

The KPIs of ESG issues are assessed through stakeholder engagement exercises, management reviews and industry analyses. While the Company attends to all ESG issues which affect its business and stakeholders, some issues relevant to the retail and wholesale of health and personal care products in each ESG aspect relevant to the Group's business with additional focus on have been identified and are indicated in the following table.

ESG Aspects		ESG Issues
Environmental		Emissions
		Use of resources
		Environment and natural resources
		Climate change
Social	**Employment and labour practices**	Employment
		Health and safety
		Development and training
		Labour standards
	Operating practices	Supply chain management
		Product responsibility
		Service responsibility
		Privacy protection
		Intellectual property rights
		Anti-corruption
	Community	Community investment

ENVIRONMENTAL

Sustainable business is one of the fundamental principles in our business ethics. The Group aims to drive its business growth in a sustainable manner and address future plans for improvement on our environmental performance.

In active alignment with the Hong Kong governmental policy of reducing our "carbon footprint", the Group has adopted the following measures to consume energy efficiently:

- Establish an energy saving policy or guidelines and inform employees to use resources effectively in accordance with such policy or guidelines;
- Include energy efficiency requirements when procuring energy-related products;
- Conduct energy audit/check to monitor energy consumption per type (e.g. electricity, paper usage, etc.);
- Use LED lighting system and energy-saving appliances in office, stores and warehouse;
- Turn off the unused electrical appliances during non-working hours;
- Affix reminders/signs to lighting switches in office to remind staff of switching off lighting and air-conditioning systems after use;
- Apply lighting zone control to enable switching on/off lighting independently in different parts of the warehouse;
- Ensure that air-conditioning systems operate efficiently by scheduling cleaning/maintenance at least once every two months;
- Check room temperature and ensure that indoor temperature controllers are correctly set to maintain temperature at 24–26°C in the office;
- Install sunscreen curtains on windows to reduce direct sunlight and the demand for air-conditioning;
- In order to maximize the duration of equipment, remind our staff regularly to be self-disciplined and enforce a good practice in maintenance of all equipment in the workplace;
- Organize the recycling of waste paper in the office and warehouse;
- Promote the concept of "paperless" with the use of electronic copies of documents;
- Recommend double-sided printing and remind employees to photocopy wisely; and
- Reuse furniture, decoration and display material of stores and exhibitions.

Emissions

Air pollutant emission

Direct air pollutant emissions mainly came from the use of the Group's motor vehicles. The Group's motor vehicles were mainly used for goods delivery. These direct air pollutant emissions were mainly nitrogen oxides, sulphur oxides and particulate matter exhausted from the engines when petrol was combusted. The following table sets forth the air pollutant emissions analyses which were generated from the use of the Group's motor vehicles for the years ended 31 March 2021 and 2020:

Air Pollutant Emission Period	Nitrogen Oxides (NOx)	Sulphur Oxides (SOx)	Particulate Matter (PM)
For the year ended 31 March 2021	32.26 kg	0.10 kg	3.08 kg
For the year ended 31 March 2020	40.69 kg	0.11 kg	3.88 kg

Greenhouse gas ("GHG") emission

The Group's GHG emissions produced in the business process mainly came from motor vehicles (Scope 1), purchased electricity (Scope 2), paper disposal at landfill, electricity use for fresh water and sewage processing (Scope 3).

The table below sets forth the approximate volume of different types of GHG emissions in carbon dioxide (CO_2) equivalent emissions ("**CO_2e**") for the years ended 31 March 2021 and 2020:

Greenhouse Gas Emissions	Emission Sources	For the year ended 31 March **2021** **Total approximate volume emitted (tonnes of CO_2e)**	 2020 Total approximate volume emitted (tonnes of CO_2e)
Scope 1 — Direct emissions	Use of the Group's motor vehicles	**15.7**	18.1
Scope 2 — Energy indirect emissions	Purchased electricity	**124.7**	115.1
Scope 3 — Other indirect emissions	Paper disposal at landfill	**0.1**	0.1
Total		**140.5**	133.3

Scope 1 GHG emissions came from the Group's motor vehicles which were mainly used for goods delivery to business operation areas. These GHG emissions were mainly carbon dioxide exhausted from the engines when petrol was combusted. During the Year, the decrease of GHG emission of scope 1 was due to the reduction in the frequency of goods delivery as a result of the decline in turnover.

Scope 2 GHG emissions were the major contributor of the Group's GHG emissions, which were generated indirectly as a result of the use of purchased electricity. Electricity consumed by the Group was purchased from electricity companies (i.e. CLP Power Hong Kong Limited and The Hongkong Electric Company, Limited) which generated these GHG directly by the burning of fuel. Due to the addition of one specialty store for the year ended 31 March 2021, the GHG emission of scope 2 was also increased as a result of the rise of electricity consumption.

By comparison, the environmental impact of scope 3 GHG emissions was relatively small. The major GHG emissions for scope 3 were emitted indirectly as a result of paper disposal at landfill.

The Group remains committed to improve the fuel efficiency, optimize transportation network and track emission reduction. Regular maintenance of vehicles and green driving practices (e.g. no idling engines) are implemented by the Group to minimize the impact of its operation on the environment.

The Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air pollutant and GHG emissions, discharges into water and land and generation of hazardous and non-hazardous waste during the Year.

The Group does not generate hazardous waste because the principal operations of the Group do not involve in production-related air, water and land pollutions which are regulated under related environmental laws and regulations. During the Year, the non-hazardous waste produced by the Group was mainly waste paper.

Below table sets forth the details of waste by hazardous and non-hazardous for the years ended 31 March 2021 and 2020:

	For the year ended 31 March	
	2021	2020
Waste Generation	**Total Volume**	Total Volume
Hazardous waste (tonnes)	**—**	—
Non-hazardous waste (tonnes)	**2.5**	1.8

Use of resources

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

Other than electricity, petrol was used in the Group's motor vehicles mainly for goods delivery purpose. As the water consumption was borne by landlord, the Group did not have water consumption during the Year (2020: Nil).

During the Year, the majority of packing materials for the Group's products were provided by suppliers so the retrieval of the relevant data was not feasible.

To reduce the carbon footprint and endeavour to save the planet, the Group encourages our customers to minimize the usage of the shopping bags and bring their own bags although the Hong Kong government has already implemented the plastic shopping bag charging scheme.

The amount of energy and resources used for the years ended 31 March 2021 and 2020 were as follows:

		For the year ended 31 March	
		2021	2020
Energy and Resources	**Units**	**Consumed**	Consumed
Electricity	kWh	**221,362**	202,344
Petrol	Litre	**6,143**	7,087
Paper	Kilogram	**2,246**	1,622

During the Year, the rise of electricity consumption was due to the addition of one specialty store. Meanwhile, the consumption of paper was also increased. It was due to the increase in usage of carton box as a result of the growth of online sales. The consumption of petrol declined during the Year because the reduction in the frequency of goods delivery as a result of the decline in turnover.

Environment and natural resources

The Group's principal operations do not involve in production-related air, water and land pollutions which are regulated under related environmental laws and regulations. As the main operations are taken place indoor, the direct impact from the activities towards the environment and natural resources is minimal.

The Group is also committed to complying with all applicable environmental laws and regulations. During the Year, the Group did not receive any related complaint nor had it breached any relevant environmental laws and regulations.

Climate change

The principal activities of the Group are retail and wholesale of health and personal care products. The relevant products are purchased from third-party manufacturers. Therefore, the impact of climate change for our business is not significant except the occasional shortage for supply of products due to the climate change. As the Group does not procure products from one supplier alone, the impact of product shortage is minimal.

SOCIAL

Employment and labour practices

Employees are one of the most important assets of our Group. Ausupreme believes that its long-term success depends on the contribution of each and every individual in the organization. The Group has provided the employees with a variety of benefits and trainings for long term career development. As at 31 March 2021, the Group had 164 (2020: 201) employees in Hong Kong, Macau, Mainland China and Singapore.

Employment

During recruitment and staff promotion processes, we provide equal opportunities to all people regardless of sex, marital status, family status or disability. Our judgement is based on qualifications, experience, skills, potential and performance. We strive to retain employees as they are most valuable to the Group; however, in case of voluntary resignation or dismissal, we follow the requirements for the termination of employment as stipulated in the relevant labour laws and regulations.

The following tables set forth the number of employees by gender, age group and geographical region as at 31 March 2021 and 2020:

	2021		2020	
Age Group	**Male**	**Female**	Male	Female
19–30	**2**	**7**	2	13
31–40	**3**	**28**	3	43
41–50	**3**	**85**	5	92
51–60	**4**	**26**	3	36
61 and above	**1**	**5**	1	3
Total	**13**	**151**	14	187

Geographical Region	2021	2020
Hong Kong	**131**	166
Mainland China	**2**	2
Macau	**26**	26
Singapore	**5**	7
Total	**164**	201

As at 31 March 2021, total number of employees was 164 (2020: 201), of which full-time employees were 157 (2020: 193) and part-time employees were 7 (2020: 8).

Pay rates of the employees are largely based on industry practice, the Group's results and the performance of individual employee. In addition to salary and commissions payment to staff, the Group also provides its employees with a range of benefits, including share option scheme, discretionary bonus, provident fund benefits, employee insurance, staff discount on purchases and special leave types such as birthday leave.

Due to the impact of COVID-19 outbreak and the compliance with social distancing measures, staff activities of the Group have also been reduced during the Year. Nevertheless, the Group has arranged yoga class every week so that the employees can maintain physical and mental health during the epidemic period. Besides, in order to prevent employees from COVID-19 infection when going out for lunch, the Group made a gift of cooking lunch boxes to employees for having lunch in office.

The following tables set forth the staff turnover rate by gender, age group and geographical region for the years ended 31 March 2021 and 2020:

Gender	2021	2020
Female	**25.8%**	35.9%
Male	**1.6%**	1.4%
Total	**27.4%**	37.3%

Age Group	2021	2020
19–30	**3.3%**	5.1%
31–40	**4.9%**	11.7%
41–50	**10.5%**	15.4%
51–60	**8.2%**	5.1%
61 and above	**0.5%**	—
Total	**27.4%**	37.3%

Geographical Region	**2021**	2020
Hong Kong	**25.8%**	32.7%
Mainland China	—	0.9%
Macau	—	3.7%
Singapore	**1.6%**	—
Total	**27.4%**	37.3%

The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported during the Year.

Health and safety

Providing a safe and healthy working environment is one of our top priorities because we strive to protect all employees and prevent them from occupational injuries. The Group has implemented all necessary measures to comply with occupational safety and health legislations.

To ensure safety of the workplace, the Group offers employees various supporting devices as follows:

➢ Conducted regular and thorough inspections to identify occupational hazards and eliminate the risks;

➢ Provided occupational health and safety training;

➢ Used hand pallet truck in warehouse to avoid injuries when moving heavy items;

➢ Displayed posters about workplace safety in warehouse and office to raise awareness of health and safety among employees;

➢ Scheduled air-conditioning system cleaning in the warehouse, office and specialty stores at least once every two months to maintain fresh air and reduce bacterial growth in order to minimize respiratory infections among employees; and

➢ Placed air purifiers in office and warehouse to reduce virus infection.

During the period of COVID-19 outbreak, the Group has implemented certain workplace health and safety measures to prevent our staff and customers from being infected. To comply with the Prevention and Control of Disease Ordinance (Chapter 599 of the Laws of Hong Kong), the Group has requested all staff to wear masks in office, warehouse, all specialty stores and consignment counters. The Group arranged office employees to work from home during severe epidemics period to safeguard the health and safety of employees. Anti-epidemic supplies and health supplement such as face masks, sterilizing alcohol pens, goggles, propolis pills and vitamin C tablets were offered to staff to avoid infection and strengthen the body's immunity. Non-essential business travel is suspended. As the COVID-19 pandemic is gradually under control, operations have been resumed in an orderly manner in accordance with government regulations.

All work-related injuries are protected by the Employees' Compensation Ordinance of Hong Kong and the Group complies with the requirements. For overseas subsidiaries, the Group strictly complied with relevant labour and employment laws and regulations in relevant jurisdictions, including but not limited to the occupational safety and health ordinance. During the Year, there were 5 (2020: 4) reported cases of work injuries with 3,474 (2020: 387) labour hours lost. The Group will continue to strive for a healthy and safe workplace for staff.

There was no work-related fatality occurred for the years ended 31 March 2021, 2020 and 2019.

Development and training

The Group believes that employees are the valuable assets of an enterprise, and regards human resources as part of the corporate wealth. To maintain the competitiveness of the Group and our employees, training courses are organized by the Group, aiming at employees' individual growth and sustainable development. The Group provides on-the-job training and development opportunities to facilitate our employees' career progression. Through different kinds of training, staff's professional knowledge on corporate operations, occupational and management skills are enhanced.

The following tables set forth the percentage of employees trained by gender and employee category for the years ended 31 March 2021 and 2020:

Gender	2021	2020
Female	**80.1%**	13.4%
Male	**76.9%**	28.6%

Employee Category	2021	2020
Senior Management	**58.3%**	16.7%
General office staff	**93.9%**	15.8%
Salesperson	**77.3%**	13.2%

The following tables set forth the average training hours completed per employee by gender and employee category for the years ended 31 March 2021 and 2020:

Gender	2021	2020
Female	**5.3 hours**	0.4 hours
Male	**1.3 hours**	1.3 hours

Employee Category	2021	2020
Senior Management	**5.8 hours**	0.5 hours
General office staff	**4.8 hours**	0.8 hours
Salesperson	**4.9 hours**	0.3 hours

Labour standards

The Group fully understands that the exploitation of child and forced labour are universally prohibited, and therefore takes the responsibility against child and forced labour very seriously. The Group has a comprehensive recruitment procedure and strictly prohibits the recruitment of child or forced labour. The Group was in compliance with relevant laws and regulations relating to preventing child and forced labour. Background checks on employees are performed to ensure that they meet statutory standards in recruitment and ensure our compliance with labour laws and regulations. If suppliers are found to have any employment of child labour and forced labour, immediate cessation of business would be conducted.

During the Year, the Group had no non-compliance case regarding violation of relevant child labour and forced labour laws.

Operating practices

Supply chain management

During the Year, we selected and sourced health supplement products, honey and pollen products and personal care products as finished products from 3 suppliers in Australia.

We understand that both the quality of our products and the stable business relationship with our reputable Australian brand proprietors (who are mainly manufacturers) are essential to our long-term success in forming the core value of our "Ausupreme" brand image. Hence, we have adopted a stringent approach in the selection and sourcing of potential brand proprietors, brands and products as follows:

I. Conducting a preliminary assessment on the brand proprietors' credentials to ascertain their background, production facilities and goodwill and estimate the projected sales of a particular product manufactured and/or supplied by them. The selection criteria for potential brand proprietors are based on factors such as: (a) the extent of brand recognition and awareness of the brand proprietors; (b) the quality and market potential of the products; and (c) whether the potential brand proprietors' products fit into the Group's brand image as presented to the targeted retailers and customers;

II. Obtaining ingredient information and product specifications on the products from the potential brand proprietors to ensure that the products are of industry standards and the ingredients meet the requirements under the relevant laws and regulations; and

III. Conducting market surveys and researches, in order to gather more updated information on, inter alia, consumer preferences on the kind of products, and the quality and safety of the products manufactured and distributed by the potential brand proprietors.

After preliminarily assessing the potential brand proprietors' credentials, reviewing the ingredient information and product specifications as well as conducting the market surveys and researches and assessing the profitability of the relevant products, the Directors would select the brand proprietor, the relevant brand and the product(s) to be managed and developed by the Group after balancing and considering all the factors. We would then enter into exclusive distribution agreements with the brand proprietors.

Product responsibility

We require all of our packaging and products suppliers and manufacturers to comply with our Group's policy. We keep our sourcing protocols regularly reviewed and updated in order to maintain a high quality standard and safety of our products and maintain our customers' satisfaction.

The executive Directors and sales and marketing department generally select and procure products based on sales performance and information from our suppliers about their products.

For products from our existing suppliers, our quality control team will obtain the ingredient information and product specifications from the suppliers to ensure that the products are of industry standards and the ingredients meet the requirements under the relevant laws and regulations, before we place purchase orders for the products.

The packaging and design of the products will be reviewed internally by our compliance team. The Group will also make modifications and specifications to the design of the packaging and communicate with the brand proprietors to ensure that they comply with the rules and regulations of the regions in which the products are sold.

Once the design and packaging of the products have been agreed on, our suppliers will produce and package the products. Quality control team will take product samples from our suppliers for analysis through third-party independent laboratories in Hong Kong to ensure that the quality and safety of the products comply with all the relevant rules and regulations in Hong Kong and other relevant jurisdictions. Routine checking on each batch of the products purchased and delivered to us will also be performed. Our suppliers also conduct quality control to ensure that the products meet the relevant standards before shipment.

We have principally been building our "Ausupreme" brand by identifying, managing, marketing, selling and distributing a wide variety of quality health and personal care products under various brands managed by us. The active ingredients in these health supplement products are primarily extracts from natural resources including plants and animals, which are aimed to improve the general physical health or specific body functions of the consumers. We regard ourselves as a brand builder and management company focusing on health and personal care products, most of which are sourced from our well-established brand proprietors, produced and packaged either in GMP-certified factories with licences to manufacture therapeutic goods issued by TGA or factory with HACCP certificate granted by SGS for liquid honey products.

All products of the Group are attached with a clear list and usage direction to ensure that the customers understand the caution warnings and how to use the products safely. The Group also employs two professional nutritionists to implement direction on technical and regulatory requirements for all products and perform technical review on leaflets, posters and advertisement with reference to local legislations.

The Group had no recall action for our products during the Year (2020: Nil). During the Year, the Group received 1 product-related complaint (2020: 3). Senior management participated in investigation and responded to customer in a timely manner.

We also make sure that no pirated goods, counterfeit goods and knockoff are sold in retail or online stores. We regularly review the internal policies and systems to ensure that the related product safety rules and regulations are observed and customers' health is protected.

The Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the Year.

Service responsibility

We also consider customer feedback as a valuable tool for improving our services. We take customer suggestions seriously and have established a set of procedures for handling customer complaints. The sales and marketing department is responsible for handling customer complaints and enquiries in relation to our products and services in a timely manner.

Privacy protection

The Group has policies in place for all staff of collection, processing, use of and access to employees' and customers' personal data and information. When collecting any personal data and information, the Group strictly complies with all the relevant regulations and the Personal Data (Privacy) Ordinance of Hong Kong to secure that the information collected is solely for specific purposes, e.g. personnel, advertising and promotional purposes, and only authorized staff can have access to it. All employees are required to sign a non-disclosure undertaking for privacy of confidential information, including personal information of employees and customers when they are employed.

Intellectual property rights

It is the Group's prominent code of conduct that all the employees need to protect the Group's assets and uphold the privacy of confidential information of intellectual properties such as copyrights, trademarks, and proprietary information. All employees are required to sign a non-disclosure undertaking in the beginning of their employment. Superiors are responsible for ensuring that their subordinates fully understand and comply with the code of conduct. The Group also provides a channel for staff to report any potential breach of the code. In addition, the Group also ensures that no pirated goods, counterfeits and knockoff are sold in Hong Kong and overseas.

Anti-corruption

The Group prohibits any bribery, extortion, fraud and money laundering in our business. For the Group's policies, staff are not allowed to receive or offer any advantage such as money, gift, loan, reward, contract and service from or to any business associates. Investigation will be carried out promptly for any suspected incident of fraud and staff will be dismissed if found to have committed fraud. We also have a whistle-blowing policy and encourage the reporting of any suspected corruption issues.

All employees are required to confirm or declare whether there is a conflict of interest when they sign the employment agreement. In cases when conflict of interest arises afterwards, the relevant staff member is required to update and notify the management.

During the Year, the Group was not aware of any corruption, extortion, frauds and money laundering within the operations.

Community

Community investment

Having been a "caring company" for over 5 years, "Contribute to community" is a very important part of Ausupreme's ethos. As a conscientious and responsible company of health supplement products, we care about people's health and well-being, which is why the Group commits to research and provides excellent quality, pure natural health products to customers. The Group also actively participates in community services and supports various kinds of charitable organizations.

During the Year, we donated to or supported charitable organizations and charitable events as follows:

- Christian Prison Pastoral Association Ltd.;
- Hong Kong St. John Ambulance;
- Orbis;
- WiseGiving Charitable Trust;
- Baptist Lui Ming Choi Primary School;
- Benji's Centre;
- Creation TV;
- Hong Kong Road Safety Association;
- Kowloon City Swatow Christian Church;
- Po Leung Kuk "District Elderly Campaign";
- St. Stephen's Society; and
- The Media Evangelism Limited.

The Group has also participated in numerous community services or activities and has encouraged our staff to participate those activities from time to time. Although the number of these activities were reduced due to the impact of COVID-19 outbreak, the Group still insists on participating in relevant activities as much as possible. During the period of COVID-19 outbreak, the Group did its best to donate anti-epidemic supplies and health products to communities and charities. At the same time, Ausupreme Volunteer Team distributed free surgical masks at our specialty stores for several days. In addition, the Group has actively participated in the project of "MianYang Herald Gratia Children Village" for many years. This project has provided comfort homes for poor children in China and let them have a healthy growth in physically and mentally. During the Year, Mr. Choy Chi Fai, the founder and the Chairman of Ausupreme, visited the children in the mountainous areas of Xianyang City, Shaanxi again to witness the healthy growth of the children.

Independent Auditor's Report

Wellink CPA Limited

匯聯會計師事務所有限公司

TO THE SHAREHOLDERS OF AUSUPREME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ausupreme International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 78 to 143, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2021 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.

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of specialty stores assets	
Refer to note 15 to the consolidated financial statements The Group had approximately HK$11,181,000 of right-of-use assets as at 31 March 2021, of which approximately HK$10,357,000 was attributable to its specialty stores which represented approximately 5.5% of total assets of the Group. The carrying amount of the specialty stores assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Management regards each of the individual specialty stores as a separately identifiable cash-generating unit and monitors their financial performance for the existence of impairment indicators. Given the potential adverse impact on the performance of the Group's specialty stores as a result of the outbreak of the novel coronavirus disease 2019 (the "**COVID-19**"), management performed impairment assessments for all the specialty stores in Hong Kong Special Administrative Region ("**SAR**") market. As a result of the impairment assessments, an impairment loss of right-of-use assets of certain specialty stores of approximately HK$2,139,000 has been recognized in the consolidated profit or loss for the year which is related to certain specialty stores in the Hong Kong SAR market. The recoverable amount of the assets of the specialty stores are determined by value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenures of the leases, with major assumptions such as percentage change in revenue (which is dependent on the timing of easing of quarantine restrictions at the borders and the recovery of Mainland tourist arrivals) and percentage change of running cost (which is dependent on successfulness of the Group's cost saving measures) and gross profit margin. We identified the impairment assessment of specialty stores assets as a key audit matter because significant estimation and judgement were involved in determining the recoverable amounts of the relevant specialty stores assets.	Our audit procedures on impairment assessment of specialty stores assets included, but not limited to, the following: — Enquired of management on their basis of identifying impairment indicators and challenged the judgements made in the identification of impairment indicators; — Compared the forecasted sales performance and estimated running costs to the approved business plans; — Enquired of management in relation to key assumptions in their business plans and evaluated the key assumptions (such as percentage change in revenue and running cost and gross profit margin) applied by comparing them to historical information and our understanding of latest market information and conditions; — Enquired of management about the basis of their estimation of the timing of easing of quarantine restrictions at the borders and the recovery rates of Mainland tourists and assessed the reasonableness of the estimation with information available as of the year-end date; — Enquired of management about the details and feasibility of their cost saving measures and assessed the reasonableness of the estimation of percentage change of running cost; and — Recomputed the impairment loss calculation. Based on the procedures performed, we found the estimation of management in relation to the impairment assessment of specialty stores assets is supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation and impairment assessment of inventories	
Refer to note 19 to the consolidated financial statements At 31 March 2021, inventories of the Group amounted to approximately HK$14,445,000, which represented approximately 7.1% of total assets of the Group. As described in the accounting policies in note 3(e) to the consolidated financial statements, inventories are carried at the lower of cost and net realizable value. The Group is engaged in the retail and wholesale of health and personal care products. Management judgement is required for assessing the appropriate level of inventory provision in light of the current challenging business environment, hence, allowance for inventories was identified as a key audit matter. Management identified the slow moving inventory items and determined the net realizable value of the inventories based on the ageing analysis of the inventories focusing on seasonality and current market conditions. As disclosed in note 19 to the consolidated financial statements, the Group recognized provision for obsolete inventories amounting to approximately HK$1,238,000 for the year ended 31 March 2021.	Our audit procedures on valuation and impairment assessment of inventories included, but not limited to, the following: — Understood and evaluated the appropriateness of the basis used by management in estimating the level of provision for inventories by considering the level of inventory write-offs in the prior years, stock ageing as at 31 March 2021 and the subsequent sales after year ended 31 March 2021; — Attended inventory count to observe physical conditions and identified defective or obsolete inventories; — Performed analysis on inventories holding and inventories movement data to identify products with indication of slow moving or obsolescence; and — Compared the carrying amount of the inventories, on a sample basis, to their net realizable value through review of sales of the inventories subsequent to the year end to check the completeness and accuracy of the associated provision. Where there are no subsequent sales of the respective inventories after the year end, we challenged management as to the realizable value of the inventories, corroborating explanations with the ageing and marketability of the respective inventories, as appropriate. Based on the procedures performed, we found the estimations of management in relation to the valuation and impairment assessment of inventories is supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables	
Refer to note 20 to the consolidated financial statements We identified the impairment assessment of trade receivables as a key audit matter due to the significance of the gross carrying amount of approximately HK$11,109,000 to the consolidated financial statements, which represented approximately 5.5% of total assets of the Group, and involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables at the end of the reporting period. As disclosed in note 3(f) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.	Our audit procedures on impairment assessment of trade receivables included, but not limited to, the following: — Obtained an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, estimation of expected credit losses and making related allowances; — Obtained an understanding of the key data and assumptions of the expected credit loss model adopted by management, including the historical default data, and the assumptions involved in management's estimated loss rate; — Assessed the reasonableness of management's loss allowance estimates by examining the information, on a sample basis, used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; — Assessed whether items were correctly categorized in the trade receivables ageing report by comparing a sample of individual items with the underlying documentation; and — Compared, on a sample basis, cash receipts from debtors subsequently to the financial year relating to trade receivables at 31 March 2021 with bank-in slips. Based on the procedures performed, we found the estimations of management in relation to the impairment assessment of trade receivables is supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information 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 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.

The directors of the Company are assisted by the audit committee ("**Audit Committee**") in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement 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 the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, 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.

WELLINK CPA Limited
Certified Public Accountants
CHAN YAN TING
Practising Certificate Number P06380

Hong Kong, 29 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 March 2021 HK$'000	2020 HK$'000
Revenue	6(a)	**102,907**	210,543
Cost of sales		**(18,292)**	(30,387)
Gross profit		**84,615**	180,156
Other income	7(a)	**13,728**	2,909
Other net gains/(losses)	7(b)	**3,300**	(206)
Selling and distribution expenses		**(73,620)**	(139,173)
General and administrative expenses		**(24,005)**	(28,467)
Operating profit		**4,018**	15,219
Finance costs	8(b)	**(544)**	(787)
Profit before taxation	8	**3,474**	14,432
Income tax credit/(expense)	9	**370**	(2,385)
Profit for the year attributable to owners of the Company		**3,844**	12,047
Other comprehensive (expense)/income:			
Item that will not be reclassified to profit or loss:			
— Fair value changes of equity investment at fair value through other comprehensive income ("**FVTOCI**")		**(1,688)**	—
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of operations based outside Hong Kong		**25**	(45)
Other comprehensive expense for the year, net of tax		**(1,663)**	(45)
Total comprehensive income for the year attributable to owners of the Company		**2,181**	12,002
Earnings per share attributable to owners of the Company — basic and diluted	12	**HK0.50 cents**	HK1.60 cents

Consolidated Statement of Financial Position

	Notes	As at 31 March 2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	14	**27,243**	29,243
Rental deposits		**3,619**	4,119
Right-of-use assets	15	**11,181**	21,136
Equity investment at FVTOCI	16	**5,506**	7,194
Prepayment for properties	17	**17,853**	—
Deferred tax assets	18(b)	**1,098**	714
		66,500	62,406
Current assets			
Inventories	19	**14,445**	17,000
Trade and other receivables	20	**18,994**	16,028
Income tax recoverable	18(a)	**1,750**	5,156
Time deposits	21	**40,495**	59,161
Bank balances and cash	21	**59,987**	54,935
		135,671	152,280
Current liabilities			
Trade and other payables	22	**9,988**	8,883
Dividend payable		**57**	7
Lease liabilities	23	**10,855**	12,972
Provisions	24	**392**	334
Income tax payable	18(a)	**974**	1,669
		22,266	23,865
Net current assets		**113,405**	128,415
Total assets less current liabilities		**179,905**	190,821

Consolidated Statement of Financial Position

	Notes	As at 31 March 2021 HK$'000	2020 HK$'000
Non-current liabilities			
Lease liabilities	23	**3,259**	8,778
Provisions	24	**419**	377
		3,678	9,155
NET ASSETS		**176,227**	181,666
CAPITAL AND RESERVES	25		
Share capital		**7,620**	7,620
Reserves		**168,607**	174,046
Total equity attributable to owners of the Company		**176,227**	181,666

The consolidated financial statements on pages 78 to 143 were approved and authorized for issue by the board of directors on 29 June 2021 and are signed on its behalf by:

CHOY CHI FAI
Director

HO KA MAN
Director

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share Capital HK$'000	Share Premium HK$'000	Equity investment at FVTOCI reserve HK$'000	Exchange reserve HK$'000	Capital reserve HK$'000 (note 25(c))	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2019	7,500	86,608	—	(72)	1,546	91,782	187,364
Profit for the year	—	—	—	—	—	12,047	12,047
Other comprehensive expense	—	—	—	(45)	—	—	(45)
Total comprehensive income for the year	—	—	—	(45)	—	12,047	12,002
Issuance of new shares (note 25(b))	120	4,680	—	—	—	—	4,800
2019 Final dividend declared and paid	—	—	—	—	—	(22,500)	(22,500)
Balance at 31 March 2020	7,620	91,288	—	(117)	1,546	81,329	181,666
Profit for the year	**—**	**—**	**—**	**—**	**—**	**3,844**	**3,844**
Other comprehensive expense	**—**	**—**	**(1,688)**	**25**	**—**	**—**	**(1,663)**
Total comprehensive income for the year	**—**	**—**	**(1,688)**	**25**	**—**	**3,844**	**2,181**
2020 Final dividend declared and paid	**—**	**—**	**—**	**—**	**—**	**(7,620)**	**(7,620)**
Balance at 31 March 2021	**7,620**	**91,288**	**(1,688)**	**(92)**	**1,546**	**77,553**	**176,227**

Consolidated Statement of Cash Flows

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Operating activities		
Profit before taxation	**3,474**	14,432
Adjustments for:		
Depreciation of property, plant and equipment	**2,214**	2,235
Depreciation of right-of-use assets	**14,178**	14,146
Interest income	**(1,088)**	(1,313)
Gain on lease modification	**—**	(2)
Provision for obsolete inventories	**1,238**	594
Loss on write-off of property, plant and equipment	**10**	55
Finance costs	**544**	787
Impairment losses of right-of-use assets	**2,139**	—
Operating cash flow before movement in working capital	**22,709**	30,934
Decrease in inventories	**1,317**	2,241
(Increase)/decrease in trade and other receivables	**(2,466)**	16,408
Increase/(decrease) in trade and other payables	**1,105**	(6,755)
Decrease in provisions	**—**	(47)
Cash generated from operations	**22,665**	42,781
Hong Kong profits tax refund/(paid)	**3,427**	(9,688)
Overseas income tax paid	**(729)**	—
Net cash generated from operating activities	**25,363**	33,093

	Note	Year ended 31 March 2021 HK$'000	2020 HK$'000
Investing activities			
Payment for purchase of property, plant and equipment		**(224)**	(485)
Payment for purchase of properties		**(17,853)**	—
Payment for acquisition of equity investment at FVTOCI		—	(7,194)
Withdrawal/(placement) of time deposits		**18,666**	(59,161)
Interest received		**1,088**	1,313
Net cash generated from/(used in) investing activities		**1,677**	(65,527)
Financing activities			
Repayment of lease liabilities		**(13,898)**	(13,882)
Dividend paid to the equity holders		**(7,569)**	(22,496)
Issuance of new shares		—	4,800
Interest paid		**(544)**	(787)
Net cash used in financing activities		**(22,011)**	(32,365)
Net Increase/(decrease) in cash and cash equivalents		**5,029**	(64,799)
Effect of foreign exchange rate changes, net		**23**	(41)
Cash and cash equivalents at the beginning of the year		**54,935**	119,775
Cash and cash equivalents at the end of the year	21	**59,987**	54,935

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Ausupreme International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 17 April 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 September 2016. The Company's immediate and ultimate holding company is Beatitudes International Ltd. which was incorporated in the British Virgin Islands ("**BVI**") and controlled by Mr. Choy Chi Fai ("**Mr. Choy**") and Ms. Ho Ka Man ("**Mrs. Choy**").

The Company is an investment holding company. During the year, the principal activities of its subsidiaries are set out in note 27 to the consolidated financial statement.

The consolidated financial statements of the Group for the year are presented in Hong Kong dollars ("**HK$**") which is same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group

In the current year, the Company and its subsidiaries (the "**Group**") have adopted the amendments to HKFRSs, Hong Kong Accounting Standards ("**HKAS**") and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time which are mandatorily effective for the annual period beginning on or after 1 April 2020. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform

In addition to the above amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was adopted in the current year.

The adoption of the amendments to HKFRSs in the current year 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.

2. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

The Group has not early adopted the following new and amendments to HKFRSs which are not yet effective:

Amendments to HKAS 39, HKFRS 7, HKFRS 9, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective for annual periods beginning on or after a date to be determined

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

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention except for investment in equity investment at FVTOCI, which are measured at fair value at the end of each reporting period, 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 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 leasing transactions that are accounted for in accordance with HKFRS 16 "Lease" and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorized 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 significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

In the Company's statement of financial position, the investment in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on basis of dividends received and receivable.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealized profits are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

For subsidiaries which adopted 31 December as their financial year ended date for statutory reporting purpose, their financial statements for the years ended 31 March 2020 and 2021 have been used for the preparation of the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognized in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognized in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognized in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss during the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

— Leasehold land classified as held under finance leases is depreciated over the unexpired term of lease and buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years.

—	Leasehold improvements	The shorter of lease term and 5 years
—	Furniture and fixtures	5 years
—	Motor vehicles	3 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in profit or loss.

(d) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

The cost of right-of-use asset includes:

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

COVID-19 related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(f) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers where are initially measured in accordance with HKFRS 15 since initial application. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) 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 amortized 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 payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized 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.

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

- the financial asset is held within a business model whose objective is achieved by both selling financial asset and collecting 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.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

(i) Amortized cost and interest income

Interest income is recognized 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.

(ii) Equity investment designated as at FVTOCI

Investments in equity investment at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, deposits and bank deposits with original maturity of more than three months 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. Assessments 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 recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

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 recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

(a) 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;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

(b) 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.

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.

(c) 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:

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

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

(iii) 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;

(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(v) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

(d) Write-off policy

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

(e) 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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

(e) Measurement and recognition of ECL (Continued)

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

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

The Group recognizes 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 recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss.

On derecognition of an investment in equity investment which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortized cost

Financial liabilities are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

(i) Revenue from contracts with customers

Under HKFRS 15, the Group recognizes 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 recognized 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 recognized at a point in time when the customer obtains control of the distinct good or service.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue from contracts with customers (Continued)

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

(j) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue from contract with customers when the Group performs under the contract.

(k) Contract costs

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

(i) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(ii) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(iii) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognized. Other contract costs are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the reporting period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Retirement benefits

Contributions to defined contribution retirement plans are recognized as an expense in profit or loss as incurred.

The Group operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The entity within the Group in the People's Republic of China ("**PRC**") participates in PRC local retirement schemes organized by relevant government authorities for its employees in the PRC and contributes to these schemes based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement contribution obligations payable to all existing and future retired employees under these schemes. Contributions to these schemes vest immediately.

The entity within the Group in Macau also participates in a central social security scheme operated by the Macao Special Administrative Region Government. The subsidiary operating in Macau is required to make contributions for its employees who are registered as residents to the central social security scheme. Contributions to this scheme vest immediately.

For employees in the Republic of Singapore ("**Singapore**"), defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid.

Contributions to defined contribution plans are recognized as an expense in the period in which the related service is performed.

Under the terms of the above-mentioned defined contribution schemes, there are no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) which may be used by the employer to reduce the existing level of contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Taxation

Income tax represents the sum of the current tax and movements in deferred tax assets.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognized in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 recognized on 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognized in profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity.

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 deterred tax are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders in case of final dividend and by the Company's directors in case of interim dividend.

(p) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment and right-of-use assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— ***Calculation of the recoverable amount***

The recoverable amount of an asset, or cash generating unit to which the asset belongs, is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets (i.e. a cash-generating unit) that generates cash inflows independently.

— ***Recognition of impairment losses***

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount, if any, of goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of non-financial assets (Continued)

— ***Reversals of impairment losses***

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(q) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified collectively as the top management that makes strategic decisions. The executive directors are the top management of the Group.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(s) Government grants

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

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

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Fair value measurement of equity investment at FVTOCI

The Group's investment in unquoted equity investment amounting to approximately HK$5,506,000 as at 31 March 2021 (2020: HK$7,194,000) is measured at fair value with fair value being determined using valuation techniques based on market approach and using both (i) Guideline Merged and Acquired Company Method and (ii) Guideline Publicly Traded Company Method (2020: based on market approach, specifically company transaction method using valuation techniques).

Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these investments. See notes 5(f) and 16 for further disclosures.

(b) Impairment assessment of trade receivables

The management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 5(a) and 20 respectively. As at 31 March 2021, the carrying amount of trade receivables is approximately HK$11,109,000 (2020: HK$7,229,000).

(c) Net realizable value of inventories

As described in note 3(e), net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling the products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior periods and affect the Group's net assets value. Management reassesses these estimates at the end of each reporting period to ensure inventories are shown at the lower of cost and net realizable value.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognized in respect of deductible temporary differences, unused tax losses and unused tax credits. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax loses and unused tax credits can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(e) Impairment losses of right-of-use assets

The Group conducts impairment reviews of non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value-in-use based on discounted future cash flows. Where the discounted actual future cash flows are less than expected, a further impairment loss may arise in the further period. During the year, after reviewing the business environment as well as the Group's strategies and past performance of its cash-generating units, management concluded that there was an impairment of right-of-use assets of approximately HK$2,139,000 (2020: HK$Nil).

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations in relation to each class of recognized financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals 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. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk and impairment assessment (Continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

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

Internal credit rating	Description
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.
Watch list	Debtor frequently repays but usually settles after due dates.
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount As at 31 March 2021 HK$'000	Gross carrying amount As at 31 March 2020 HK$'000
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	**4,428**	7,229
		Watch list	Lifetime ECL (not credit-impaired)	**6,681**	—
Bank balances	Aa3-A3	N/A	12m ECL	**59,892**	54,833
Time deposits	A1-A3	N/A	12m ECL	**40,495**	59,161
Deposits and other receivables	N/A	Low risk	12m ECL	**9,272**	10,400

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash flows of trade and other payables are required to be settled within one year or on demand, and the total contractual undiscounted cash flows of these financial liabilities are not materially different from their carrying amounts at 31 March 2021 and 2020.

(c) Interest rate risk

As the Group has no significant interest bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(d) Currency risk

(i) Exposure to currency risk

For presentation purposes, the Group's financial information is shown in HK$. The companies within the Group, whose functional currencies are different from HK$, have translated their financial information into HK$ for combination purpose.

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Japanese yen, Australian dollars and Renminbi.

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk (Continued)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rate at the reporting dates.

	Exposure to foreign currencies (expressed in HK$) As at 31 March					
	2021			2020		
	Japanese yen HK$'000	Australian dollars HK$'000	Renminbi HK$'000	Japanese yen HK$'000	Australian dollars HK$'000	Renminbi HK$'000
Trade and other receivables	298	929	852	—	2,143	1,022
Cash and cash equivalents	83	11,492	692	360	14,288	387
Trade and other payables	—	(1,700)	(195)	—	(1,513)	(216)
Gross exposure arising from recognized assets and liabilities	381	10,721	1,349	360	14,918	1,193

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after taxation and retained earnings that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 March			
	2021		2020	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained earnings HK$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained earnings HK$'000
Australian dollars	5%	448	5%	623
	(5%)	(448)	(5%)	(623)
Renminbi	5%	56	5%	50
	(5%)	(56)	(5%)	(50)
Japanese yen	5%	16	5%	15
	(5%)	(16)	(5%)	(15)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currency, translated to HK$ at the exchange rate ruling at the end of the reporting periods for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Financial instruments by category

The table below is an analysis of the carrying amounts of financial instruments by category as at the end of each of the year ended:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Financial assets		
Amortized cost	**120,863**	131,725
Equity investment at FVTOCI	**5,506**	7,194
Financial liabilities		
Amortized cost	**17,889**	25,472

(f) Fair values

One of the Group's financial assets is measured at fair value at the end of the reporting period. The following table gives information about how the fair value of this financial asset is determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair values (Continued)

Financial asset	Fair value as at		Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 March 2021	31 March 2020			
Equity investment at FVTOCI — 0.7% equity investment in the ordinary share capital of an investee	HK$5,506,000	HK$7,194,000	Level 3	Market approach using both (i) Guideline Merged and Acquired Company Method and (ii) Guideline Publicly Traded Company Method: The valuation by LCH (Asia-Pacific) Surveyors Limited was arrived at the average of valuations based on these 2 methods which take into account market multiples of comparable companies together with the subscription share prices paid by an independent third party near 31 March 2021 (2020: based on the subscription share prices paid by the Group and other investors near 31 March 2020 as the primary valuation methodology i.e. company transaction method. The valuers also performed reasonableness check by using a second valuation methodology based on comparable companies approach).	A number of market multiples have been considered, including but not limited to: price-to-earning and enterprise value-to-EBITDA multiples. The subscription share price was determined to be under arm's length negotiations. Given that (i) the share issue was the most recent transaction; and (ii) the shares were issued to an individual investor (2020: the Group and certain individual investors) which was unrelated party of the investee, it was considered appropriate to use it as the basis of the valuation.

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair values (Continued)

Reconciliation of level 3 fair value measurements of a financial asset

	2021 HK$'000	2020 HK$'000
Unlisted equity investment	**5,506**	7,194

Except as detailed in above table, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values carried at cost or amortized cost are not materially different from their fair values as at 31 March 2021 and 2020.

6. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are retail and wholesale of health and personal care products during the year.

Revenue represents the sales value of goods supplied to customers. The amounts of each significant category of revenue during the year, all of which represented revenue recognized by the Group from contracts with customers, are as follows:

	Year ended 31 March	
	2021 **HK$'000**	2020 HK$'000
Specialty stores	**32,100**	31,836
Consignment counters	**47,382**	162,279
E-commerce	**16,563**	9,481
Other sales channels	**6,862**	6,947
	102,907	210,543

6. REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Health supplement products	**97,846**	194,770
Honey and pollen products	**1,821**	2,962
Personal care products	**3,240**	12,811
	102,907	210,543

For the years ended 31 March 2021 and 2020, all revenue is recognized at a point in time basis.

The performance obligation is satisfied, and hence the revenue is recognized upon the delivery of the health and personal care products to the customers or, in case of consignment sales through consignees, upon collection of the products by end-customers, which is the point of time when customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. The payment terms are generally within 0 to 60 days.

(b) Segment reporting

HKFRS 8 "Operating Segments" requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purpose of resources allocation and performance assessment. The chief operating decision maker reviews the financial performance and position of the Group as a whole and on this basis, the Group has determined that it has only one operating segment which is the retail and wholesale of health and personal care products.

(i) Information about geographical area

The following tables set out information about the geographical location of the Group's revenue from external customers and the Group's property, plant and equipment and right-of-use assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

6. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Information about geographical area (Continued)

The geographical information of the Group's revenue from external customers for the years ended 31 March 2021 and 2020 and specified non-current assets as at 31 March 2021 and 2020 is set out below:

	Revenue from external customers Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Hong Kong (place of domicile)	**69,713**	168,058
Mainland China	**16,350**	9,002
Macau	**15,478**	31,435
Singapore	**1,366**	2,048
	102,907	210,543

	Specified non-current assets As at 31 March	
	2021	2020
	HK$'000	HK$'000
Hong Kong (place of domicile)	**38,137**	49,784
Mainland China	**17**	14
Macau	**189**	396
Singapore	**81**	185
	38,424	50,379

(ii) Information about major customers and wholesaler/consignees

No revenue from a single customer contributed more than 10% of the Group's revenue for the year. In addition, revenue earned through the Group's wholesaler/consignees of the corresponding years contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Consignee A	**24,881**	96,491
Wholesaler/Consignee B	**10,346**	27,645

7. OTHER INCOME AND OTHER NET GAINS/(LOSSES)

(a) Other income

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Bank interest income on bank deposits	**1,088**	1,313
Government grants (note i)	**9,872**	—
Rent concession income (note ii)	**2,232**	1,383
Others	**536**	213
	13,728	2,909

Notes:

(i) Government grants are cash subsidies granted by the government of the Hong Kong SAR under the Anti-epidemic Fund amounting to HK$960,000 from the Retail Sector Subsidy Scheme granted to 12 eligible specialty stores of the Group, approximately HK$8,394,000 from the Employment Support Scheme and HK$20,000 from One-off Subsidy (Goods Vehicles) for 2 eligible goods vehicles. The Group has complied with all of the conditions for these government grants for the year ended 31 March 2021 and recognized the amounts in profit or loss under "other income".

The remaining grants of approximately HK$498,000 were granted from other subsidy schemes launched by the governments of the Macau SAR and Singapore. The Group has complied with all of the conditions for these government grants for the year ended 31 March 2021 and recognized the amounts in profit or loss under "other income".

(ii) The rent concession income is mainly related to the outbreak of the COVID-19. Certain landlords have offered different extents of rent concession.

(b) Other net gains/(losses)

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Loss on write-off of property, plant and equipment	**(10)**	(55)
Reversal of allowance for trade receivables	—	812
Gain on lease modification	—	2
Net foreign exchange gains/(losses)	**3,310**	(965)
	3,300	(206)

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Staff costs (including directors' remuneration)

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Contributions to defined contribution retirement plans	**1,476**	2,043
Directors' remuneration (note 10)	**4,485**	5,539
Salaries, wages and other benefits	**32,448**	46,287
	38,409	53,869

(b) Finance costs

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Interest on lease liabilities	**544**	787

(c) Other items

		Year ended 31 March	
		2021	2020
	Notes	**HK$'000**	HK$'000
Depreciation of property, plant and equipment	14	**2,214**	2,235
Depreciation of right-of-use assets	15	**14,178**	14,146
Minimum lease payments in respect of properties		**86**	48
Net foreign exchange (gains)/losses		**(3,310)**	965
Loss on write-off of property, plant and equipment		**10**	55
Gain on lease modification		**—**	(2)
Auditors' remuneration			
— Audit services		**778**	779
— Non-audit services		**—**	42
Cost of inventories	19	**18,292**	30,387
Impairment losses of right-of-use assets	15	**2,139**	—
Provision for obsolete inventories	19	**1,238**	594
Consignment expenses (Note)		**19,388**	73,076
Donations		**272**	439

Note: Fees paid to consignees for sales of health and personal care products made through the consignment counters are included in "selling and distribution expenses".

9. INCOME TAX (CREDIT)/EXPENSE

(a) Income tax (credit)/expense in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	**—**	1,750
Over-provision in respect of prior years	**(20)**	(39)
	(20)	1,711
Current tax — Overseas		
Provision for the year	**325**	681
Over-provision in respect of prior year	**(291)**	—
	34	681
Deferred tax (note 18(b))		
Origination and reversal of temporary differences	**(384)**	(7)
Total	**(370)**	2,385

For the year ended 31 March 2020, the Hong Kong Profits Tax of the elected Hong Kong subsidiary is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Taxation for other Hong Kong subsidiaries is calculated using the statutory rate of 16.5%. No provision for Hong Kong Profits Tax is provided for the year ended 31 March 2021 as the subsidiaries operating in Hong Kong have no assessable profits.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation based on the rules and regulations in the relevant tax jurisdictions. Enterprise Income Tax ("**EIT**") in Mainland China has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits in Mainland China during the year except as described below. Certain subsidiaries in Mainland China of the Company satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.

No provision of Singapore Income Tax has been made for the years ended 31 March 2021 and 2020.

9. INCOME TAX (CREDIT)/EXPENSE (Continued)

(b) Reconciliation between tax (credit)/expense and accounting profit at applicable tax rates:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Profit before taxation	**3,474**	14,432
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**483**	2,115
Tax effect of non-deductible expenses	**263**	664
Tax effect of non-taxable income	**(2,316)**	(216)
Tax effect of tax losses not recognized	**1,695**	133
Utilization of tax losses not previously recognized	**(78)**	(23)
Income tax at concession rate	**—**	(165)
Tax effect of tax exemption under Macau Complementary Income Tax	**(70)**	(70)
Tax effect of tax exemption under PRC Enterprise Income Tax	**(36)**	—
Over-provision in prior years	**(311)**	(39)
Others	**—**	(14)
Actual tax (credit)/expense	**(370)**	2,385

10. DIRECTORS' REMUNERATION

The remuneration of the directors, including the chief executive officer of the Company, for the year is set out below:

For the year ended 31 March 2021

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contribution to defined contribution plan HK$'000	Total HK$'000
Executive directors				
Mr. Choy	—	1,212	13	1,225
Mrs. Choy	—	1,083	13	1,096
Mr. Ho Chun Kit, Saxony	—	878	18	896
Mr. Au Chun Kit	—	776	18	794
Independent non-executive directors				
Prof. Luk Ting Kwong	158	—	—	158
Mr. Ko Ming Kin	158	—	—	158
Dr. Wan Cho Yee	158	—	—	158
	474	3,949	62	4,485

For the year ended 31 March 2020

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contribution to defined contribution plan HK$'000	Total HK$'000
Executive directors				
Mr. Choy	—	1,463	18	1,481
Mrs. Choy	—	1,332	18	1,350
Mr. Ho Chun Kit, Saxony	—	1,140	18	1,158
Mr. Au Chun Kit	—	947	18	965
Independent non-executive directors				
Prof. Luk Ting Kwong	195	—	—	195
Mr. Ko Ming Kin	195	—	—	195
Dr. Wan Cho Yee	195	—	—	195
	585	4,882	72	5,539

10. DIRECTORS' REMUNERATION (Continued)

Notes:

(i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2020: Nil). Mr. Choy and Mrs. Choy waived their emoluments in the Company from 1 April 2020 to 29 June 2020 and from 1 July 2020 to 31 August 2020 for 100% and 25%, respectively. Mr. Ho Chun Kit, Saxony and Mr. Au Chun Kit waived their emoluments from 1 April 2020 to 30 May 2020 and from 1 June 2020 to 31 August 2020 for 50% and 25%, respectively. Prof. Luk Ting Kwong, Mr. Ko Ming Kin and Dr. Wan Cho Yee waived their emolument from 1 June 2020 to 31 August 2020 for 50% respectively.

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

(iii) Mr. Choy is the chairman of the board and executive director of the Company and is regarded as the Co-Chief Executive Officer of the Company.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, 4 (2020: 4) are directors of the Company for the year, whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining individual are as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Salaries and other emoluments	**582**	810
Contributions to retirement benefits schemes	**18**	18
	600	828

The emoluments of the above individual with the highest emoluments are within the following bands:

	Year ended 31 March	
	2021	2020
	Number of individuals	Number of individuals
HK$Nil–HK$1,000,000	**1**	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2020: Nil).

12. EARNINGS PER SHARE

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

	2021	2020
Profit attributable to owners of the Company (HK$'000)	**3,844**	12,047
Weighted average number of ordinary shares in issue (Number of shares)	**762,000,000**	751,147,541
Basic and diluted earnings per share (HK cents)	**0.50**	1.60

The Company did not have any potential ordinary shares outstanding during the years ended 31 March 2021 and 2020, hence diluted earnings per share is the same as basic earnings per share.

13. DIVIDEND

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
During the year, dividend declared and recognized as distribution were as follows:		
2020 Final dividend — HK1 cent per ordinary share	**7,620**	—
2019 Final dividend — HK3 cents per ordinary share	**—**	22,500

A final dividend in respect of the year ended 31 March 2021 of HK1 cent per ordinary share (2020: HK1 cent), amounting to HK$7,620,000 (2020: HK$7,620,000) in aggregate, was proposed pursuant to a resolution passed by the board of directors of the Company ("**Board**") on 29 June 2021 and subject to the approval of the shareholders at the annual general meeting ("**AGM**") of the Company to be held on 3 September 2021. This proposed dividend is not yet reflected as dividend payable in the consolidated financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings held for own use carried at cost HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2019	29,426	6,422	2,777	1,294	39,919
Additions	—	385	100	—	485
Write-off	—	(362)	(50)	—	(412)
At 31 March 2020	29,426	6,445	2,827	1,294	39,992
At 1 April 2020	**29,426**	**6,445**	**2,827**	**1,294**	**39,992**
Additions	**—**	**125**	**99**	**—**	**224**
Write-off	**—**	**—**	**(378)**	**—**	**(378)**
At 31 March 2021	**29,426**	**6,570**	**2,548**	**1,294**	**39,838**
Accumulated depreciation					
At 1 April 2019	1,896	4,130	1,710	1,135	8,871
Charge for the year (note 8(c))	972	850	326	87	2,235
Written back on write-off	—	(330)	(27)	—	(357)
At 31 March 2020	2,868	4,650	2,009	1,222	10,749
At 1 April 2020	**2,868**	**4,650**	**2,009**	**1,222**	**10,749**
Charge for the year (note 8(c))	**972**	**847**	**323**	**72**	**2,214**
Written back on write-off	**—**	**—**	**(368)**	**—**	**(368)**
At 31 March 2021	**3,840**	**5,497**	**1,964**	**1,294**	**12,595**
Carrying amount:					
At 31 March 2021	**25,586**	**1,073**	**584**	**—**	**27,243**
At 31 March 2020	26,558	1,795	818	72	29,243

15. RIGHT-OF-USE ASSETS

	Office premises HK$'000	Speciality stores HK$'000	Total HK$'000
At 1 April 2019	3,370	15,589	18,959
Inception of lease contracts	291	16,141	16,432
Depreciation (note 8 (c))	(1,422)	(12,724)	(14,146)
Modification of lease contracts	—	(89)	(89)
Exchange difference	(13)	(7)	(20)
At 31 March 2020	2,226	18,910	21,136
At 1 April 2020	**2,226**	**18,910**	**21,136**
Inception of lease contracts	**—**	**6,352**	**6,352**
Depreciation (note 8 (c))	**(1,411)**	**(12,767)**	**(14,178)**
Impairment losses of right-of-use assets (note 8(c))	**—**	**(2,139)**	**(2,139)**
Exchange difference	**9**	**1**	**10**
At 31 March 2021	**824**	**10,357**	**11,181**

The Group obtains right to control the use of various speciality stores and office premises for operating use for a period of time through lease arrangements. Lease arrangement are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 3 years.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option and termination option. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) and subject to the mutually agree with lessors in negotiation. The lease term is reassessed when there is a significant event or significant change in circumstances that is within the Group's control. At reassessment of the lease liability, corresponding adjustment is made to the carrying amount of the right-of-use asset, or if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

During the year ended 31 March 2021, depreciation of right-of-use assets classified as office premises and speciality stores have been charged in "general and administrative" and "selling and distribution" expenses respectively.

As at 31 March 2021, no new lease contracts have been entered by the Group which have not yet commenced.

15. RIGHT-OF-USE ASSETS (Continued)

Some of the property leases which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable lease payment terms are used to link lease payments to store cash flows and reduce fixed cost. The Group's minimum lease payment expenses in the year ended 31 March 2021 (see note 8(c)) are primarily for short-term leases expenses relating to variable lease payments are relatively insignificant. The Group expects this pattern to continue in future years. The variable lease payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next few years, variable lease payments are expected to continue to present a similarly small proportion of store sales in future years.

As at 31 March 2021, the carrying amounts of specialty stores assets included in right-of-use assets were tested for impairment. The Group regards each individual specialty stores as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the specialty store, which have indication of impairment, to estimate their recoverable amounts. Given the potential adverse impact on the performance of the Group's specialty stores as a result of the on-going COVID-19 epidemic, management performed impairment assessment for all the specialty stores in Hong Kong SAR market to estimate the recoverable amount of each of the specialty stores. The carrying amounts of the specialty store's assets are written down to the recoverable amount of the specialty store if the carrying amount of the specialty store is greater than its estimated recoverable amount. The estimates of the recoverable amounts of the specialty stores were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenures of the leases, involving use of major assumptions such as percentage change in revenue, percentage change of running cost and gross profit margin. As a result of the impairment assessments of the specialty stores, an impairment loss of right-of-use assets for certain specialty stores in Hong Kong of approximately HK$2,139,000 (2020: HK$ Nil) was recognized in selling and distribution expenses in consolidated profit or loss. The recoverable amount of the relevant right-of-use assets of these certain specialty stores of approximately HK$4,040,000 has been determined on the basis of their value in use using discounted cash flow method. The pre-tax discount rate used was 10.54%.

Key assumptions used in the value-in-use calculations for the recoverable amount of specialty stores, all of which are operating in Hong Kong SAR market, which sell health and personal care products to retail customers, are as follow:

Percentage change in revenue:	based on the estimated timing of easing quarantine restrictions at the borders and the recovery of Mainland tourist arrivals and the consequential effect on the foot traffic of the Group's specialty stores
Percentage change of running cost:	based on the estimated change related to the Group's cost saving plan and measures
Gross profit margin:	based on the historical data and change in product mix

16. EQUITY INVESTMENT AT FVTOCI

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Unlisted investments:		
— Equity securities	**5,506**	7,194

On 30 March 2020, the Group entered into a share subscription agreement (the "**Agreement**") with Homart Group Pty Limited ("**Homart**"), which is an unlisted entity in Australia. Pursuant to the Agreement, the Group invested in 0.7% ordinary shares of Homart in the amount of approximately HK$7,194,000 (AUD1,500,000) which primarily engaged in manufacturing and sale of Australian made health supplements products. The directors of the Company have elected to designate this investment in equity investment at FVTOCI as they believe that recognizing short-term fluctuations in this investment's fair value in profit or loss would be inconsistent with the Group's strategy of holding this investment for long-term purpose and realising its performance potential in the long run.

The fair value of the Group's investment in Homart is determined based on the valuation techniques disclosed in note 5(f). For the year ended 31 March 2021, the fair value changes in equity investment at FVTOCI of approximately HK$1,688,000 (2020: HK$ Nil) was recognized in other comprehensive income and reflected in the equity investment at FVTOCI reserve.

17. PREPAYMENT FOR PROPERTIES

During the year, the Group entered into agreements with property developers for acquiring certain properties for aggregate consideration properties of approximately HK$17,853,000. As at 31 March 2021, the development of the properties were not yet completed and hence the properties were not yet transferred to the Group. The properties being acquired are commercial, office and residential use.

18. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Provision for Hong Kong tax		
Profits Tax for the year	—	1,750
Provisional Profits Tax paid	**(1,750)**	(5,241)
Balance of Hong Kong tax provision relating to prior years	—	(1,665)
Income tax recoverable	**(1,750)**	(5,156)
Provision for Overseas tax		
Profit tax for the year	**325**	681
Balance of Overseas tax provision relating to prior years	**649**	988
Income tax payable	**974**	1,669
Income tax recoverable, net	**(776)**	(3,487)

18. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognized

The components of deferred tax assets recognized in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Unrealized profit on inventories HK$'000	Amortization and depreciation HK$'000	Others HK$'000	Total HK$'000
At 1 April 2019	—	(385)	(322)	(707)
Charged/(credited) to profit or loss	(19)	(66)	78	(7)
At 31 March 2020	(19)	(451)	(244)	(714)
At 1 April 2020	**(19)**	**(451)**	**(244)**	**(714)**
Credited to profit or loss	**(2)**	**(95)**	**(287)**	**(384)**
At 31 March 2021	**(21)**	**(546)**	**(531)**	**(1,098)**

As at 31 March 2021, the Group has accumulated unutilized tax losses of approximately HK$10,945,000 (2020: HK$900,000) available for offset against future profits. No deferred tax asset has been recognized in respect of the unutilized tax losses due to the unpredictability of future profit streams. The unrecognized tax losses may be carried forward indefinitely.

19. INVENTORIES

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Goods for resale	**16,277**	17,594
Less: Provision for obsolete inventories	**(1,832)**	(594)
	14,445	17,000

Movements on the Group's provision of impairment of inventories are as follows:

	2021	2020
	HK$'000	HK$'000
At 1 April	**594**	—
Provision for obsolete inventories (note 8(c))	**1,238**	594
At 31 March	**1,832**	594

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Carrying amount of inventories sold (note 8(c))	**18,292**	30,387

20. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Trade receivables	**11,109**	7,229
Other receivables	**729**	881
Deposits and prepayments (note)	**7,156**	7,918
	18,994	16,028

Note: Deposits and prepayments comprised mainly current portion of rental deposits and prepaid operating expenses.

20. TRADE AND OTHER RECEIVABLES (Continued)

The Group usually allows a credit period ranging from 0 to 60 days to its trade customers and consignees. The ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance as of the end of the reporting period, is as follows:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Within 30 days	**4,531**	2,163
31–60 days	**3,032**	1,705
61–90 days	**3,094**	1,767
Over 90 days	**452**	1,594
	11,109	7,229

The management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Before accepting any new customer or consignee, the Group's management will assess the potential customer's or consignee's credit quality and determine the credit limits of each customer or consignee. Credit limits attributable to customers or consignees are reviewed periodically.

The Group has a policy for allowance of impairment loss which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer or consignee.

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

Details of impairment assessment of trade receivables for the years ended 31 March 2021 and 2020 are set out in note 5(a).

21. BANK BALANCES AND CASH/TIME DEPOSITS

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Cash at bank and on hand	**100,482**	114,096
Less: Time deposits	**(40,495)**	(59,161)
	59,987	54,935

22. TRADE AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Trade payables (note a)	**1,700**	1,513
Contract liabilities (note b)	**821**	426
Accrued staff costs	**5,419**	4,695
Other accruals and payables	**2,048**	2,249
	9,988	8,883

Notes:

(a) The ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 March	
	2021	2020
	HK$'000	HK$'000
Within 30 days	**393**	—
31–90 days	**1,307**	1,513
	1,700	1,513

22. TRADE AND OTHER PAYABLES (Continued)

(b) Details of contract liabilities as at 31 March 2021 are as follows:

	As at		
	31 March 2021 HK$'000	31 March 2020 HK$'000	1 April 2019 HK$'000
Receipt in advance from customers	**821**	426	620

Contract liabilities are receipt in advance from customers to deliver health and personal care products.

All the amount in the beginning balance was recognized to revenue during the year.

23. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
At 1 April	**21,750**	19,370
Inception of lease contracts	**6,250**	16,370
Interest expenses on lease liabilities (note 8 (b))	**544**	787
Payment for lease liabilities (including interest)	**(14,442)**	(14,669)
Modification of lease contracts	**—**	(91)
Exchange difference	**12**	(17)
At 31 March	**14,114**	21,750

When recognizing the addition of lease liabilities for the year, the Group has applied the incremental borrowing rates of the relevant group entities at the dates of commencement of the leases. The weighted average incremental borrowing rate applied was 2.8% (2020: 3.5%) per annum.

	2021 HK$'000	2020 HK$'000
Amount due for settlement within 12 months (shown under current liabilities)	**10,855**	12,972
Amount due for settlement after 12 months	**3,259**	8,778
As at 31 March 2021	**14,114**	21,750

23. LEASE LIABILITIES (Continued)

	2021 HK$'000	2020 HK$'000
Minimum lease payments due:		
Within one year	**11,064**	13,477
More than one year, but not exceeding two years	**3,275**	7,571
More than two years, but not exceeding five years	**—**	1,362
	14,339	22,410
Less: Future finance charges	**(225)**	(660)
Present value of lease liabilities	**14,114**	21,750
Maturity analysis:		
Present value of lease liabilities:		
Within one year	**10,855**	12,972
More than one year, but not exceeding two years	**3,259**	7,423
More than two years, but not exceeding five years	**—**	1,355
	14,114	21,750

The total cash outflow for lease including repayment of lease liabilities and payment of interest expenses for the year ended 31 March 2021 is approximately HK$14,442,000 (2020: HK$14,669,000).

24. PROVISIONS

The movements in the provision for reinstatement costs are as follows:

	Year ended 31 March 2021 HK$'000	2020 HK$'000
At the beginning of the year	**711**	696
Provisions made during the year	**100**	62
Amounts utilized during the year	**—**	(47)
At the end of year	**811**	711
Less: Non-current portion	**(419)**	(377)
Portion classified as current liabilities	**392**	334

Under the terms of the tenancy agreements signed with landlords, the Group shall remove and re-instate the rental premises at the Group's cost upon expiry of the relevant tenancy agreements. Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred.

25. CAPITAL AND RESERVES

(a) Movement in component of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

	2021 Number of Shares	2021 Share capital HK$'000	2020 Number of Shares	2020 Share capital HK$'000
Ordinary shares of HK$0.01 each in the share capital of the Company ("**Share(s)**")				
Authorized:				
As at 1 April and 31 March	**2,000,000,000**	**20,000**	2,000,000,000	20,000

25. CAPITAL AND RESERVES (Continued)

(b) Share capital (Continued)

	2021 Number of Shares	2021 Share capital HK$'000	2020 Number of Shares	2020 Share capital HK$'000
Issued and fully paid:				
As at 1 April	**762,000,000**	**7,620**	750,000,000	7,500
Issuance of new shares (note)	—	—	12,000,000	120
As at 31 March	**762,000,000**	**7,620**	762,000,000	7,620

Note: On 26 February 2020, 12,000,000 ordinary shares of HK$0.01 each were allotted and issued at a subscription price of HK$0.4 per Share to several subscribers for cash consideration, before expenses, of HK$4,800,000.

(c) Capital reserve

The capital reserve was arisen from waiver of debts owing by the Group to one of the controlling shareholders.

(d) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than HK$. The reserve is dealt with in accordance with the accounting policies set out in note 3(b).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position and reviews the ratio of its total liabilities over its total assets. The Group's strategy is to maintain the equity and debt position and ensure there is adequate working capital to service its debt obligation. At 31 March 2021 and 2020, the ratio of the Group's total liabilities over its total assets was 13% and 15%, respectively.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

26. MATERIAL RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors of the Company are of the view that the following company is a related party that had transactions or balances with the Group as it is controlled by certain directors of the Company:

— Prof Kiu International Limited ("**Prof Kiu**")

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 10, is as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Salaries, wages and other benefits	**4,423**	5,467
Contributions to defined contribution retirement plans	**62**	72
	4,485	5,539

Total remuneration is included in "staff costs" (see note 8(a)).

26. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transactions

(i) The Group had the following transactions with related parties during the year which the directors consider to be material:

	Year ended 31 March 2021 HK$'000	2020 HK$'000
Payment of lease liabilities	**600**	600

The above payments were paid to Prof Kiu in accordance with the terms of underlying contracts. The directors are of the opinion that the above transactions were entered in normal course of business.

(ii) Lease liabilities payable to Prof Kiu:

	As at 31 March 2021 HK$'000	2020 HK$'000
Within 1 year	**150**	585
After 1 year but within 5 years	**—**	150
	150	735

27. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2021 are set out below:

Name of company	Place of incorporation/ operation	Registered/issued and fully paid up capital	Attributable equity interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Truth & Faith International Limited	Hong Kong	HK$10,000	100%	—	100%	Retail and wholesale of health and personal care products
Truth & Faith International (Macau) Limited	Macau	Macau Pataca ("**MOP**") MOP50,000	100%	—	100%	Retail of health and personal care products in Macau
Miracle Natural Products Limited	Hong Kong	HK$2	100%	—	100%	Wholesale of health and personal care products
Ausupreme International Limited	Hong Kong	HK$2	100%	—	100%	Holding of trademarks

27. PARTICULARS OF SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ operation	Registered/issued and fully paid up capital	Attributable equity interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
澳至尊國際貿易(深圳)有限公司 (note)	PRC	HK$5,000,000	100%	—	100%	Trading e-commerce, retail and wholesale of health and personal care products in the PRC
澳至尊國際貿易(海南省)有限公司 (note)	PRC	HK$7,500,000	100%	—	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment
奇恩貿易(珠海)有限公司 (note)	PRC	RMB6,000,000	100%	—	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment
Faithfulness International Limited	The British Virgin Islands	United States dollars ("**US$**") US$1,001	100%	100%	—	Investment holding
Gentleness International Limited	The British Virgin Islands	US$1,001	100%	100%	—	Investment holding
Goodness International Limited	The British Virgin Islands	US$1,001	100%	100%	—	Investment holding
Patience International Limited	The British Virgin Islands	US$1,001	100%	100%	—	Investment holding
Hulotte International Limited	Hong Kong	HK$1	100%	—	100%	Properties investment
Nature's Elite Limited	The British Virgin Islands	US$1	100%	100%	—	Investment holding
Deerfield Global Limited	The British Virgin Islands	US$1	100%	100%	—	Investment holding
Ausupreme International (Singapore) Pte. Ltd.	Singapore	Singapore Dollars ("**S$**") S$200,000	100%	—	100%	Retail and wholesale of health and personal care products

Note: These are registered as wholly-foreign-owned enterprise under PRC law.

28. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2021, the directors consider the immediate parent of the Group to be Beatitudes International Ltd., which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use. The ultimate controlling parties of the Group are Mr. Choy and Mrs. Choy.

29. EVENT AFTER THE REPORTING PERIOD

A final dividend in respect of the year ended 31 March 2021 of HK1 cent per Share, totalling HK$7,620,000 was proposed pursuant to a resolution passed by the Board on 29 June 2021 and will be subject to the approval of the shareholders at the AGM to be held on 3 September 2021. The proposed final dividend has not been recognized as a liability in the consolidated financial statements.

30. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

As at 31 March 2021

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investment in subsidiaries	**31**	31
Current assets		
Prepayments	**150**	202
Amounts due from subsidiaries	**114,400**	112,983
Tax recoverable	—	54
Cash and cash equivalents	**975**	424
	115,525	113,663
Current liabilities		
Accruals	**859**	1,080
Dividend payable	**57**	7
Amounts due to subsidiaries	—*	—*
Income tax payable	—	—
	916	1,087
Net current assets	**114,609**	112,576
Net assets	**114,640**	112,607
Capital and reserves		
Share capital	**7,620**	7,620
Reserve (note)	**107,020**	104,987
	114,640	112,607

* Balance less than HK$1,000

30. FINANCIAL INFORMATION OF THE COMPANY (Continued)

Statement of financial position (Continued)

Note:

Movements of the Company's reserves are as follows:

	Share premium HK$'000	Retained profit HK$'000	Total HK$'000
Balance at 1 April 2019	86,580	29,152	115,732
Issuance of new shares	4,680	—	4,680
Total comprehensive income for the year	—	7,075	7,075
2019 Final dividend	—	(22,500)	(22,500)
Balance at 31 March 2020 and 1 April 2020	91,260	13,727	104,987
Total comprehensive income for the year	**—**	**9,653**	**9,653**
2020 Final dividend	**—**	**(7,620)**	**(7,620)**
Balance at 31 March 2021	**91,260**	**15,760**	**107,020**

Five-Year Financial Summary

	Year ended 31 March 2021 HK$'000	Year ended 31 March 2020 HK$'000	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000	Year ended 31 March 2017 HK$'000
RESULTS					
Revenue	**102,907**	210,543	289,329	242,500	205,250
Profit before taxation	**3,474**	14,432	37,148	14,883	5,343
Income tax credit/(expense)	**370**	(2,385)	(5,938)	(2,353)	(2,261)
Profit for the year attributable to owners of the Company	**3,844**	12,047	31,210	12,530	3,082
Total comprehensive income for the year attributable to owners of the Company	**2,181**	12,002	31,138	12,530	3,082

	As at 31 March 2021 HK$'000	As at 31 March 2020 HK$'000	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000	As at 31 March 2017 HK$'000
ASSETS AND LIABILITIES					
Total assets	**202,171**	214,686	208,230	179,677	164,916
Total liabilities	**(25,944)**	(33,020)	(20,076)	(15,161)	(12,930)
Net assets	**176,227**	181,666	188,154	164,516	151,986
Total equity attributable to owners of the Company	**176,227**	181,666	188,154	164,516	151,986