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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2347

2021/22 Annual Report

CONTENTS

CORPORATE INFORMATION

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

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

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

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

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

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

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

COMPANY SECRETARY
Mr. Lam Wai Chiu

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
9A, Bamboos Centre
52 Hung To Road
Kwun Tong, Kowloon
Hong Kong

REGISTERED OFFICE
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

INDEPENDENT AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISER
CMBC International Capital Limited
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Maples Fund Services (Cayman) Limited
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HONG KONG SHARE REGISTRAR
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Level 54, Hopewell Centre
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Hong Kong

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

COMPANY WEBSITE
www.yohohongkong.com

STOCK CODE
2347

FINANCIAL HIGHLIGHTS

	FY21/22(Note 1)	FY20/21	FY19/20	FY18/19
Revenue *(HK$'000)*	**790,054**	523,029	259,953	135,422
Gross profit *(HK$'000)*	**122,748**	91,062	53,257	32,855
Gross profit margin	**15.5%**	17.4%	20.5%	24.3%
(Loss) profit for the year *(HK$'000)*	**(225)**	28,733	18,324	12,272
Adjusted net profit(Note 2) *(HK$'000)*	**26,162**	28,733	17,632	13,046
Adjusted net profit margin(Note 3)	**3.3%**	5.5%	6.8%	9.6%

	FY21/22	FY20/21	FY19/20	FY18/19
Net cash position *(HK$'000)*	**126,256**	37,561	43,208	9,620
Total equity *(HK$'000)*	**78,746**	78,971	70,393	25,592
Adjusted return on equity(Note 4)	**33.2%**	36.4%	25.0%	51.0%
Gearing ratio(Note 5)	**N/A**	0.01	N/A	N/A

Notes:

1. FYX/Y refers to the financial year ended on 31 March of the year Y. For example, "FY21/22" refers to the year ended 31 March 2022.

2. Adjusted net profit is defined as non-HKFRS measures as profit for the year adjusted by (i) fair value change in convertible redeemable preferred shares and (ii) Listing expenses.

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

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

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

OPERATIONAL HIGHLIGHTS

	FY21/22	FY20/21	FY19/20	FY18/19
Gross merchandise value (the "**GMV**")(Note 1) *(HK$ million)*	**795.8**	506.1	229.9	117.9
Number of registered members(Note 2)	**775,000**	539,000	334,000	203,000
Number of completed orders(Note 3)	**473,000**	346,000	182,000	95,000
Basket value(Note 4) *(HK$)*	**1,681**	1,463	1,263	1,241

Notes:

1. The "GMV" for a particular financial year is equivalent to the total gross sales dollar value of all relevant orders completed during that financial year, before deductions for discounts offered by us and set-offs by virtue of conversion of membership points.

2. An individual may enroll as a "registered member" through our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version) (the "**Yoho E-commerce Platform**") as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she wishes).

3. The "number of completed orders" for a particular financial year consists of orders placed by our registered members with us on the Yoho E-commerce Platform, orders made by our customers at our retail stores, and orders from consumers received via online redemption platform(s) of third-party reward scheme(s) (the "**Reward Scheme Platforms**") and third-party online marketplaces that had been completed during that financial year.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

Yoho Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 June 2022 (the "**Listing Date**"), which marks a triumph for consumers. I would like to thank all stakeholders for their support, including our customers, suppliers, business partners, employees and shareholders (the "**Shareholders**"). Upon Listing, it is my privilege to represent the board (the "**Board**") of directors (the "**Directors**") and to communicate with all stakeholders on a regular basis about our Group's performance and future prospects in full details through this letter. I would like to thank everyone for taking their time to read this letter. This is my first letter to Shareholders and I hope it will give all of you a better understanding of the management analysis of the financial performance during the year ended 31 March 2022 (the "**Reporting Period**" or "**FY21/22**") and the direction of our Group's future development.

Business Overview and Key Results

With both online and offline presence and utilising the power of technologies, we operate our business on an online-merge-offline ("**OMO**") model (the "**Yoho OMO Business**"). Our customers enjoy a host of benefits resulting from the seamless shopping experience created through the combination of online and offline retail channels.

Through the Yoho OMO Business model, we achieved GMV of approximately HK$795.8 million for FY21/22, representing a year-on-year increase of 57.2% as compared with approximately HK$506.1 million for FY20/21.

FY21/22 marked another successful financial year for our Company despite the challenging retail market which has experienced ups and downs amid the several waves of coronavirus disease 2019 ("**COVID-19**"). As one of the leading market players in the business-to-customer ("**B2C**") e-commerce industry in Hong Kong, we managed to outperform the overall retail market. Our revenue continued to grow at a rate of approximately 51.1% during FY21/22 while Hong Kong's retail market had only an approximately 4.0% growth during the same period, according to government statistics.

Such remarkable performance was mainly driven by the increasing number of new customers, the orders received as well as the basket value, which was attributable to (i) our promotional campaigns launched in collaboration with several financial institutions and fintech companies whereby special discounts were offered to those customers using the designated payment methods; (ii) a step-up in our marketing and promotion efforts; and (iii) the implementation of supportive government policies including the consumption voucher scheme (the "**CVS**").

As we continue to invest in our business as we are firm believers in the prospects of the Company, the Board has resolved not to recommend the payment of a final dividend for the Reporting Period.

CHAIRMAN'S STATEMENT

Competitive Landscape

In my view, the competitive landscape has not changed much in the past financial year and our Group has maintained a high annual revenue growth and a stable monthly gross margin. It is not uncommon for more participants to tap into the industry as it is in a phase of high growth. It could be beneficial to the industry in the long run as more new entrants can promote competition and give us more insights as to how we can improve customer experience and enhance long-term competitiveness. As one of the leaders in the industry, we are confident that our Group will continue to benefit from the growing online shopping market. On the other hand, investors may have concern about the risk that e-commerce giants in the Asia region might enter into the Hong Kong market, which could have impact on us. As we have set foot in the Hong Kong's online shopping market for years, I believe it would be rather strenuous for e-commerce giants from other regions to tap into the Hong Kong market by using the 'cash-burn' mode. In the midst of such challenges, instead of directly entering into the Hong Kong market, they may actively seek cooperation with platforms with local market share, which will benefit the overall development of our Group.

COVID-19

In the previous financial year, the world has experienced repeated outbreaks of the COVID-19 pandemic and in 2022, Hong Kong experienced a peak of the pandemic burden, which was not an easy time for all business operators and the public. The fifth wave of the COVID-19 outbreak in Hong Kong beginning in early 2022 had brought certain impact on our sales and daily operations, where (a) the general consumer sentiment had been weakened; (b) our marketing, logistics and warehousing operations had been affected as a result of staff infections and the consequent reduction in available manpower; and (c) the reduced operations of various sectors in society and the corresponding social condition (including the social distancing measures) at the height of the outbreak in February and March 2022 had disturbed and slowed down our logistics and order fulfilment workflows.

Fortunately, we have managed to achieve solid performance in the business of main product categories in the past financial year. Though consumers may have reduced spending on other consumption categories, demand for consumer electronics and home appliances was strong, contributing to the good performance of many suppliers which in turn benefited our Group.

Against such a backdrop, I believe the Hong Kong's e-commerce market is set to be booming even before the pandemic, and the COVID-19 pandemic has the positive effect of further accelerating the shift of consumption pattern towards online purchases, thereby fuelling the growth of the Hong Kong e-commerce industry. Consumers always have thirst for a more convenient consumption mode and a wider variety of products, and the e-commerce market in Hong Kong has only grown to meet consumer preference.

CHAIRMAN'S STATEMENT

Foreign-listed PRC Companies and Capital Market Development

In the past financial year, listed and unlisted PRC companies were affected by the general market environment and encountered severe financing situation. The majority of the companies recording significant share price decline caused heavy losses for investors and led to an overall weak sentiment in the investment market. In the first half of 2022, with the continuous outbreak of the pandemic, the unstable geopolitical situation, interest rate hikes and other unfavourable factors, investors' sentiment was severely impaired and many companies have postponed their listing timetables in Hong Kong due to unsatisfactory financing environment. Our Company was successfully listed in such a challenging environment, and I am particularly grateful to the new round of investors for their support to us and the industry, which also proves the recognition for our Group by the capital market. It is fortunate that the management of our Company has been able to develop our business with limited resources over the years, and making good use of resources has always been a core competency of our Company. In such a challenging environment, I am confident that the core competencies our Company have accumulated over time will be put to greater use. On the other hand, I believe that in the future, companies with a concentrated market share will attract more capital fund to diversify the investment risk. This will be beneficial to our Group's development. The capital market has followed a cyclical pattern and I wish that the shift in market sentiment will further unleash the value of our Company and bring better returns to our Shareholders.

Opportunities in E-commerce

From the establishment of the Yoho E-commerce Platform in 2013 to our Listing this year, we have witnessed the development of the Hong Kong e-commerce market from zero to one. There may be misconception in the market that our Listing is an exit, but the truth is that there is no sale of existing Shares by any of our Shareholders during our global offering (the "**Global Offering**") and all pre-IPO Shareholders are subject to a lock-up period of six months following the Listing. On the contrary, our Company's substantial Shareholders remain very optimistic about the future of the Hong Kong's e-commerce market. Going public is to bring in greater opportunities to our Group, to allow more consumers to become our Shareholders, to drive and motivate us to develop at a faster pace in order to capture the growing e-commerce market in Hong Kong and, more importantly, to contribute to the new economy of Hong Kong. Our team is passionate about the industry and looks forward to witnessing another great leap in the industry.

Following the successful Listing, going forward our management and related staff will focus more on the development of our Group's businesses. In the coming year, we will continue to invest in our technological research and development, further develop our consumer electronics and home appliances segment, improve user experience, extend our business to a wide range of mid-to-high-end products through the marketplace platform (the "**3P Business Model**"), with the primary objective of serving our consumers well. I am sure that we will keep adding value to our stakeholders.

CHAIRMAN'S STATEMENT

Opportunities in the Listing Platform

The listing status enhances our Group's brand image and strengthens our bargaining power with our local and foreign partners. In terms of shareholder composition, each of our past rounds of financing has brought in well-known individuals or corporations with significant expertise from different industries to our Group, opening up more strategic cooperation opportunities for our Group's development. In the 2021 financing, we introduced more strategic shareholders, including Japan Home Centre (Management) Ltd, an indirect wholly-owned subsidiary of International Housewares Retail Company Limited (a company listed on the Stock Exchange (stock code: 1373)), and we will work together to collaborate across various aspects, including but not limited to marketing, warehousing services and distribution channels, with a view to delivering a superior OMO experience to customers. In the international placing of the Global Offering, a number of leading companies from various industries have invested in the Shares, and their investment is an endorsement of our Group's position as a company in Hong Kong with attractive growth potential. We are looking forward to creating more value for all Stakeholders including our Shareholders through the Yoho E-commerce Platform.

With years of development, the Hong Kong e-commerce market has formed a basic competitive landscape. It is generally challenging for new entrants to break into this competitive landscape. It became even more difficult for local e-commerce platforms to list on the Main Board of the Stock Exchange under the amended profit requirement for listing effective from January 2022. We expect that the listing status of the Group will bring more opportunities for our Group to develop and future distance itself from its competitors.

Opportunities of Digitalisation in Hong Kong

Over the past nine years, in addition to the rapid growth of Hong Kong's e-commerce industry, we have also witnessed a shift towards digitalisation in all sectors of Hong Kong and the good results achieved. E-commerce companies face a huge consumer base and are involved in payment and consumption, making it easier for them to connect the upstream and downstream and various vertical sectors and add value to various industries. Apart from developing our core businesses, we also expect to explore other development possibilities with the advantages of our e-commerce platform, and to capture the significant opportunities of economic transformation.

CHAIRMAN'S STATEMENT

Corporate Governance

We are a young and high-growth company committed to promoting corporate governance after our Listing. Currently, our Board members comprise the best and the brightest. Mr. Man Lap is a serial entrepreneur and a renowned venture capitalist in Hong Kong with in-depth knowledge of business operations and the investment environment in Hong Kong and Mainland China, and is familiar with the primary capital market. Mr. Hsieh Wing Hong Sammy is an entrepreneur who has successfully led his company to list on NASDAQ and is familiar with the business environment, business operations and secondary capital markets in Hong Kong and Mainland China. Mr. Adamczyk Alexis Thomas David has accumulated over 20 years of experience in corporate finance and capital markets, including investor relations, through, among others, his senior roles in Deutsche Bank and HSBC. Dr. Qian Sam Zhongshan is one of the earliest returnees who engages in Internet business in Mainland China and has in-depth knowledge of the development and operation of Internet companies. Mr. Chan Shun has working experience in one of the leading accounting firms and is an experienced compliance professional with a Juris Doctor degree. Mr. Ho Yun Tat has experience in one of the leading accounting firms and has worked with two unicorn companies in Hong Kong, and has in-depth knowledge of Internet companies in Hong Kong. With our dedicated, visionary and enterprising management team, we look forward to achieving greater achievements after the Listing.

Appreciation

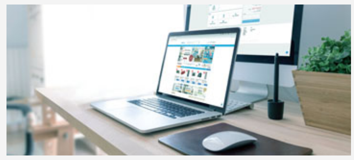
On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, suppliers, business partners and Shareholders for their consistent support, and to thank the management and staff for their dedication. I will work side by side with the Board and the management team to achieve greater success.

Wu Faat Chi
Chairman and Executive Director
17 June 2022

MAJOR MILESTONES AND EVENTS

The following is a summary of our Group's key business development milestones:

2013



- We launched the Yoho E-commerce Platform.
- We opened our first offline retail store in Kwun Tong.

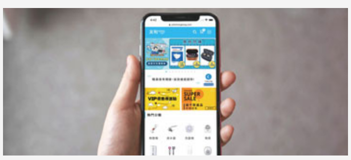
2014

- In March, we established the "友和YOHO" YouTube channel. As at the date of this annual report, there were more than 425,000 views for one of our most popular advertising campaign videos "Mr. Yoho is coming! Muscular Brothers — Mr. Yoho wants to define "convenience" and it is... (友和先生嚟喇！爆肌兄弟篇—友和先生要為「方便」定一個時限，竟然係...)".
- In May, we introduced FOREO, a Swedish brand to provide quality and premium beauty products to our customers.
- In November, we started to launch the Double 11 Shopping Festival (i.e. the online shopping promotion event held on 11 November) on the Yoho E-commerce Platform.

2015

- In June, we introduced Iris Ohyama, a 60-year-old Japanese brand, and successfully expanded the range of household appliances and kitchenware with the dust mite vacuum cleaner.
- We supported different student communities including the University of Hong Kong by sponsoring different types of electronic appliances and beauty products as orientation gifts.

2016



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

2017

- We became a loyal supporter of the Make-A-Wish programme launched by the Hong Kong Christian Service.
- In December, we supported the local band ToNick, by offering a discount to the registered members of the Yoho E-commerce Platform.
- We reached more than 100,000 registered members on the Yoho E-commerce Platform by the end of 2017.

MAJOR MILESTONES AND EVENTS

2018

- We launched the "Auto-pricing System" to monitor and adjust the price of our products automatically.
- In July, we organised our first "Yoho Toy Expo".
- We participated in the "Darkness to Go" clarity sales campaign held by Project Orbis International, Inc.

2019

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

2020

- In November and December, we collaborated with HSBC and our customers could enjoy a certain amount of discount upon a certain amount of purchase for the purchases made in November and on 12 December, respectively. The collaboration resulted in a record-breaking year-on-year growth of over 200% in November monthly sales.
- We partnered with Atome, a "buy now, pay later" brand, and became one of the first e-commerce platforms in Hong Kong to accept payments by interest-free instalments with any credit card.

2021

- As at 6 February, the Yoho E-commerce Platform had more than 500,000 registered members.
- In March, the Yoho E-commerce Platform was one of the top 100 most-visited websites in Hong Kong. (Source: Frost & Sullivan)
- We introduced the use of virtual KOL as a form of advertisement.
- In May, certain pre-IPO investors (i.e. the 2021 Pre-IPO New Shares Investors as defined in the prospectus of the Company dated 26 May 2022 (the "**Prospectus**")) *(note 1)* subscribed for a total of 15,031,101 series A convertible preferred share(s) of our Company (the "**Series A Preferred Shares**") at a total consideration US$8,250,000.
- In May, certain pre-IPO investors (i.e. the 2021 Pre-IPO Existing Shares Investors as defined in the Prospectus) *(note 2)* purchased a total of 7,921,527 ordinary shares of our Company (the "**Shares**") at a total consideration of US$4,000,000 from The Wings Venture Limited ("**The Wings Venture**").

2022

商界展關懷 caringcompany 2021/22
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

- In February, we were awarded the Caring Company Logo 2021/22 by The Hong Kong Council of Social Service.
- On 10 June, our Company was successfully listed on the Main Board of the Stock Exchange.
- As at the date of this annual report, we had more than 820,000 registered members.

Notes:

1. Comprise (1) Japan Home Centre (Management) Ltd; (2) Method King Limited; (3) Triple Gold Enterprise Limited; (4) Cell Rising Capital (BVI) Limited; (5) EVO Fund; (6) Wealth Power Asia Investment Ltd; (7) Ms. Chiu Wing Kwan Winnie; (8) Ms. Chiu Jennifer Wendy; (9) Mr. Hoong Cheong Thard; (10) Mr. Adamczyk Alexis Thomas David (one of our non-executive Directors); (11) Mr. Rondouin Hugues Louis Gabriel; (12) Ms. Lam Suk Ling Shirley; (13) Infinity Evergreen Limited; (14) Mr. Chiu Ka Kui Kenneth; (15) Mr. Leung Hon Fai Kevin; (16) Mr. Tsoi Yiu Ting; (17) Mr. Wu Arthur; (18) Mr. Wu Shang Hong Jason; (19) Ms. Li Ying; (20) Ms. Geffner Xin Yue Jasmine; and (21) Ms. Shi Huiting
2. Comprise (1) iClick Interactive Asia Limited; (2) Sweetie Well Global Investment Limited; (3) Mr. Tsang Wing Fung; (4) Ms. Tao Mei Shan Lisa; (5) Mr. Man Lap (one of our non-executive Directors); (6) Mr. Yeung Sheng Wu Danny; and (7) Royce City (MHT) Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall performance

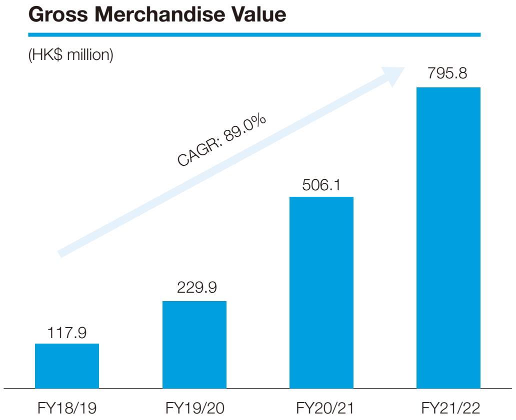
Founded in 2013 and after nine years of development, we were successfully listed on the Main Board of the Stock Exchange on 10 June 2022. The Listing of our Company is one of the important milestones of our development journey.

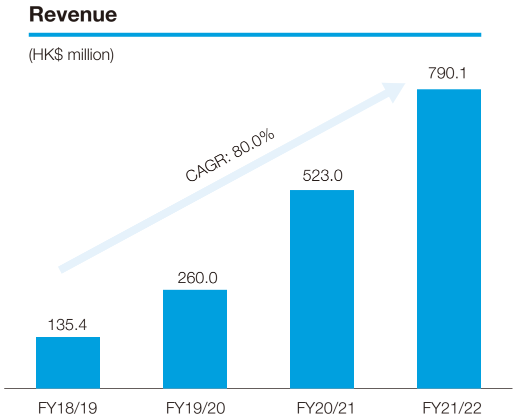
Further, FY21/22 marked another successful year of our Company despite the challenging retail market which has experienced ups and downs amid the several waves of the COVID-19 pandemic. As one of the leading market players in the B2C e-commerce industry in Hong Kong, we managed to outperform the overall retail market, alongside the implementation of the CVS under which consumption vouchers were distributed to each eligible resident in Hong Kong, our GMV and revenue continued to grow at approximately 57.2% and 51.1% respectively during FY21/22, while the Hong Kong's retail market had only an approximately 4.0% growth during the same period, according to the reports on Monthly Survey of Retail Sales published by the Census and Statistics Department. This was mainly driven by the increase in number of registered members as well as the orders received, as a result of (i) our promotional campaigns launched in collaboration with several financial institutions and fintech companies; (ii) a step-up in our marketing and promotion efforts; and (iii) the implementation of supportive government policies including the CVS.

MANAGEMENT DISCUSSION AND ANALYSIS

Business performance

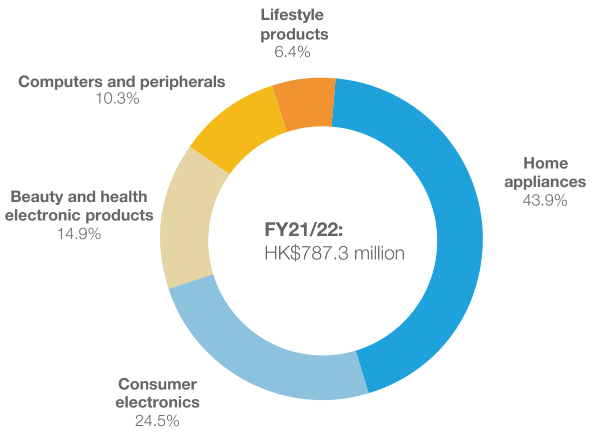
As aforementioned, we achieved an approximately 57.2% and an approximately 51.1% growth in the GMV and the total revenue, respectively, and continued to be one of the leading market players in the Hong Kong B2C e-commerce industry, riding on the rapid growth in Hong Kong's online retail sales by 34.3% during FY21/22, according to government statistics.

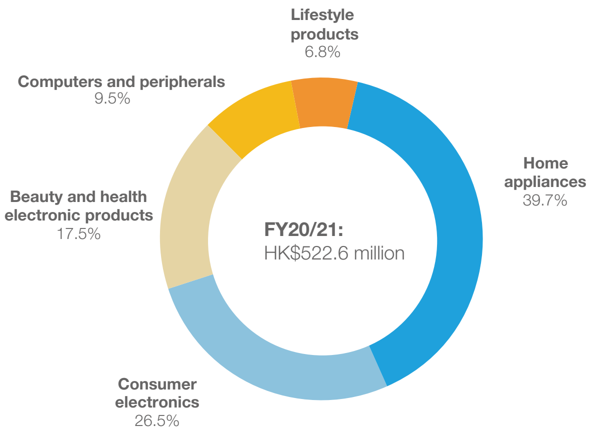




In terms of product category, the below graph demonstrated the diversity in our product offering to satisfy customers' demand.

Revenue breakdown by product category(Note)





Note: Excluding revenue generated from the provision of advertising services.

MANAGEMENT DISCUSSION AND ANALYSIS

Business highlights

With established presence both online (via the Yoho E-commerce Platform) and offline (via our retail store network, which currently comprises our offline retail stores located in the Kwun Tong and Cheung Sha Wan districts) and utilising the power of technologies, we are primed to run our retail business under the Yoho OMO Business. Our customers enjoy a host of benefits resulting from the synergies created through the combination of online and offline retail channels.

OMO business model

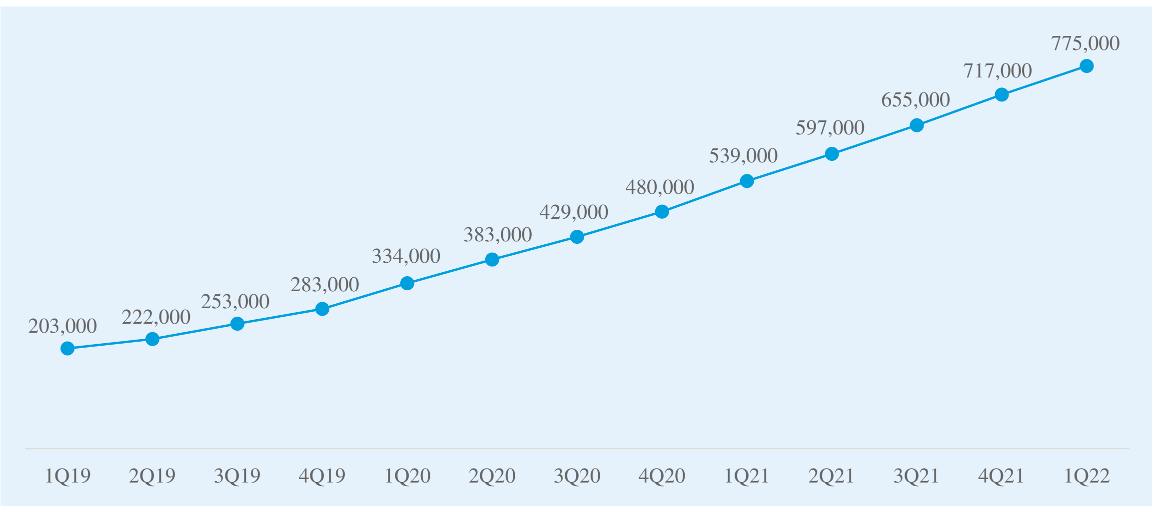
We believe our OMO business has enabled us to enhance customer experience, which helped drive the significant increase in our customer base and the scale of operation during the years indicated below:

	FY21/22	FY20/21	Movement
GMV *(HK$ million)*	**795.8**	506.1	+57.2%
Number of registered members	**775,000**	539,000	+43.8%
Number of completed orders	**473,000**	346,000	+36.7%
Basket value *(HK$)*	**1,681**	1,463	+14.9%

Growing customer base

The Yoho E-commerce Platform was one of the most-visited websites in Hong Kong, with over 1.4 million average monthly active users during FY21/22. We have established a customer base comprising over 775,000 registered members as at 31 March 2022.

Number of Registered Members



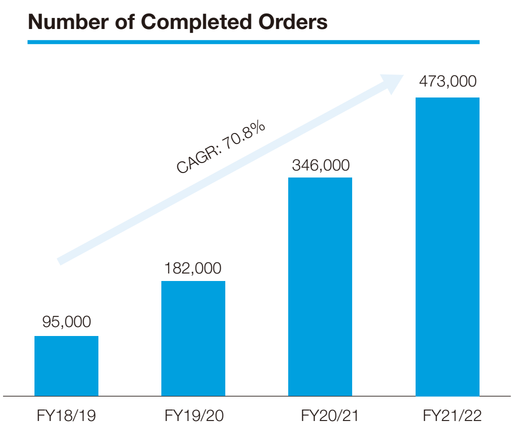
Source: Internal system.

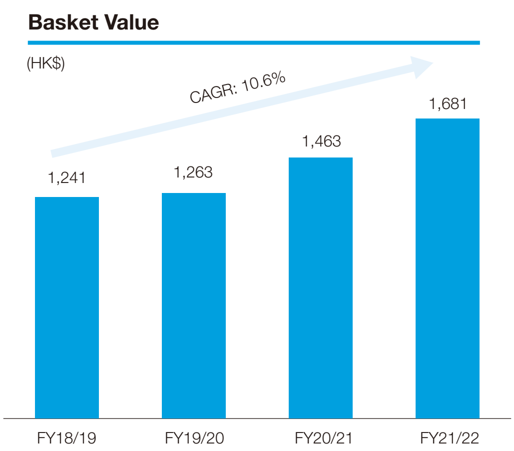
MANAGEMENT DISCUSSION AND ANALYSIS

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

Meeting increased demand

The increasing degree of customer loyalty can also be evidenced by our building up in terms of both the number of completed orders and the basket value of purchase by our customers, representing a year-on-year increase of 36.7% and 13.4% in FY21/22, respectively.

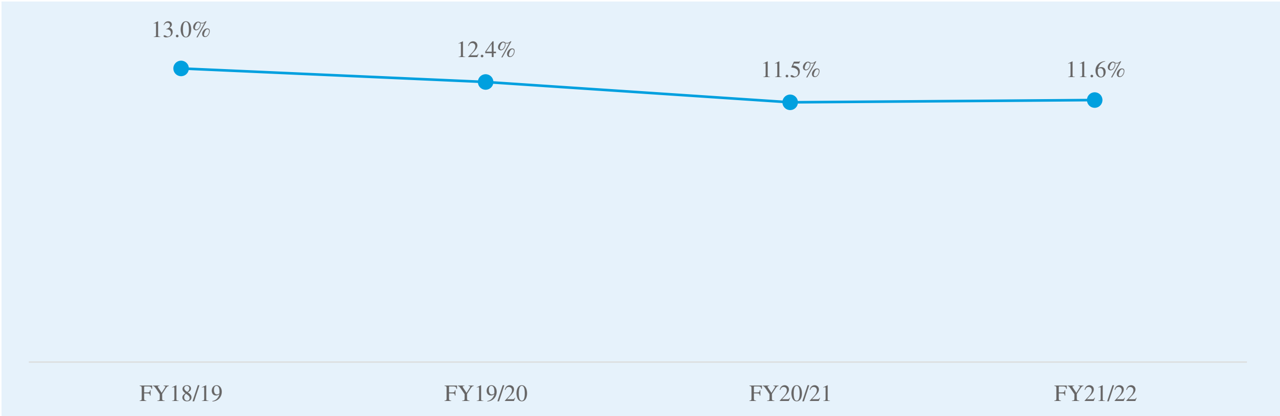




Disciplined cost efficiency

We have implemented robust cost discipline while growing our business scale and revenue sustainably. We have managed to keep major cost items at a reasonable percentage to our revenue by achieving economies of scale. Total operating expenses, being the total sum of selling and distribution expenses and administrative expenses, for FY20/21 and FY21/22 remained relatively stable at approximately 11.5% and 11.6% of our total revenue for the relevant year, respectively.

Total Operating Expenses (as % of total revenue)



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Our revenue increased from approximately HK$523.0 million for FY20/21 to approximately HK$790.1 million for FY21/22, representing an increase of approximately 51.1%. The increase in our revenue was primarily due to the increase in revenue through online sales and offline retail store sales in the Yoho OMO Business, as a result of (i) the increase in various operating data including our registered members, number of completed orders and basket value per order; (ii) our Group's continuing proactive market share acquisition strategy and its product portfolio expansion strategy resulting in the increase in brand diversity; (iii) increase in marketing campaigns resulting in the increase in brand awareness and customer bases of our Group; (iv) more and lengthened promotional campaigns launched in collaboration with several financial institutions and financial technology companies; and (v) implementation of supportive government policies including the CVS.

Cost of goods sold

Our cost of goods sold increased from approximately HK$432.0 million for FY20/21 to approximately HK$667.3 million for FY21/22, representing an increase of approximately 54.5%. The increase in our cost of goods sold was primarily in line with revenue growth for the same period.

Gross profit

Our gross profit increased from approximately HK$91.1 million for FY20/21 to approximately HK$122.7 million for FY21/22, representing an increase of approximately 34.8%, which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, our gross profit margin decreased from approximately 17.4% for FY20/21 to approximately 15.5% for FY21/22, mainly due to our continuous expansion of product portfolio, a more aggressive position in our pursuit of competitive pricing and launches of promotional campaigns during FY21/22, which became new dimensions of our proactive market share acquisition strategy. Since January 2021, the gross profit margin of our Group has largely stabilised at around 15.0%. For details, please refer to the section headed "Financial Information" of the Prospectus.

Other income

Our other income decreased from approximately HK$3.3 million for FY20/21 to approximately HK$28,000 for FY21/22 primarily due to the decrease in government grants of approximately HK$3.1 million, which mainly include the wages subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government.

Other gains and losses

We recorded other losses of approximately HK$112,000 and HK$4.6 million for FY20/21 and FY21/22, respectively. The increase in other losses was primarily due to the fair value change in convertible redeemable preferred shares of approximately HK$4.7 million for FY21/22.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Our selling and distribution expenses increased from approximately HK$44.9 million for FY20/21 to approximately HK$68.0 million for FY21/22 primarily due to (i) the increase in marketing and promotion expenses attributable to the increase in our promotion on search engine platforms, online media platforms and TV commercials platforms; (ii) the increase in logistics and storage cost charged by the third party service providers due to the increase in number of completed orders of our Group of approximately 36.7% from FY20/21 to FY21/22; and (iii) the increase in transaction cost charged by online payment services.

Administrative expenses

Our administrative expenses increased from approximately HK$15.3 million for FY20/21 to approximately HK$23.5 million for FY21/22 primarily due to the increase in staff cost as a result of the increase in headcount from 71 in FY20/21 to 95 in FY21/22 due to the business growth and future expansion.

Finance costs

Our finance costs increased from approximately HK$236,000 for FY20/21 to approximately HK$419,000 for FY21/22, representing the increase in the interest on lease liabilities attributable to the increase of lease liabilities.

Income tax expense

Our income tax expense decreased from approximately HK$5.0 million for FY20/21 to approximately HK$4.7 million for FY21/22 primarily due to the decrease in profit before tax for the same period. Our effective tax rate was approximately 14.8% and approximately 105.0% for FY20/21 and FY21/22, respectively.

Notwithstanding we recorded a profit before tax of approximately HK$4.5 million, the income tax expense of approximately HK$4.7 million was recognised and hence we recorded effective tax rate of approximately 105.0% for FY21/22. It is mainly due to the recognition of fair value change in convertible redeemable preferred shares of approximately HK$4.7 million and Listing expenses of approximately HK$21.7 million which are not deductible for tax purpose.

(Loss) profit for the year

As a result of the foregoing, we recorded a net loss of approximately HK$225,000 for FY21/22 as compared with a net profit of approximately HK$28.7 million for FY20/21. Our net profit margin decreased from approximately 5.5% for FY20/21 to net loss margin of approximately 0.0% for FY21/22. We recorded net loss for FY21/22 primarily due to the recognition of fair value change in convertible redeemable preferred shares of approximately HK$4.7 million and Listing expenses of approximately HK$21.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade receivables

Our trade receivables increased from approximately HK$6.0 million as at 31 March 2021 to approximately HK$7.7 million as at 31 March 2022 which was attributable to the increasing trend of sales during FY21/22.

An ageing analysis of trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000
Within 30 days	**6,688**	4,634
31 to 60 days	**402**	840
61 to 90 days	**419**	251
Over 90 days	**192**	250
	7,701	5,975

Trade payables

Our trade payables increased from approximately HK$27.2 million as at 31 March 2021 to approximately HK$38.1 million as at 31 March 2022 primarily due to longer credit terms granted by our suppliers to our Group due to our good reputation.

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

	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000
Within 30 days	**31,935**	25,573
31 to 60 days	**2,681**	1,327
61 to 90 days	**1,193**	25
Over 90 days	**2,285**	319
	38,094	27,244

MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS measures

In order to supplement our consolidated statements of profit or loss and other comprehensive income, which are presented in accordance with HKFRS, we also use adjusted net profit as non-HKFRS measures as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in income from operations and net profit, and therefore provide useful information to investors and others in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that these non-HKFRS measures provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects, and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted net profit as non-HKFRS measures as profit for the year adjusted by (i) fair value change in convertible redeemable preferred shares and (ii) Listing expenses. Given that (i) fair value change in convertible redeemable shares was resulted from the conversion right to ordinary share granted to the holders of the Series A Preferred Shares which has been exercised upon Listing and (ii) the Listing expenses were incurred for the purpose of the Listing, these items will no longer exist after the Listing. The use of adjusted net profit as non-HKFRS measures has material limitations as an analytical tool because they do not reflect all items of income and expenses that affect our operations. When assessing our operating and financial performance, you should not consider adjusted net profit as non-HKFRS measures in isolation from or as a substitute for our profit or loss for the year, gross profit or any other financial performance measure that is calculated in accordance with HKFRS. The term “adjusted net profit as non-HKFRS measures” is not defined under HKFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following table sets forth our adjusted net profit as non-HKFRS measures for the years indicated:

	FY21/22 HK$'000	FY20/21 HK$'000
(Loss) profit for the year	**(225)**	28,733
Adjusted for:		
Fair value change in convertible redeemable preferred shares	**4,684**	–
Listing expenses	**21,703**	–
Adjusted net profit as non-HKFRS measures	**26,162**	28,733

Pledge of assets

As at 31 March 2022, bank deposits of approximately HK$1.0 million (31 March 2021: approximately HK$1.0 million) had been pledged against the bank guarantee letter for a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The following table sets forth selected data from the consolidated statement of cash flows for the years indicated:

	FY21/22 HK$'000	FY20/21 HK$'000
Net cash from operating activities	39,599	17,996
Net cash used in investing activities	(4,549)	(575)
Net cash from (used in) financing activities	53,645	(23,068)
Net increase (decrease) in cash and cash equivalents	88,695	(5,647)
Cash and cash equivalents at beginning of the year	37,561	43,208
Cash and cash equivalents at end of the year	126,256	37,561

Net cash from operating activities

For FY21/22, we had net cash from operating activities of approximately HK$39.6 million, mainly as a result of (i) profit before taxation of approximately HK$4.5 million; (ii) adjusted mainly by fair value change in convertible redeemable preferred shares of approximately HK$4.7 million, depreciation of property, plant and equipment of approximately HK$1.5 million, depreciation of right-of-use assets of approximately HK$7.3 million, increase in trade payables of approximately HK$10.9 million, increase in contract liabilities of approximately HK$6.3 million, and increase in other payables and accruals of approximately HK$11.9 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly due to the increase in other receivables, deposits and prepayments of approximately HK$2.0 million, increase in trade receivables of approximately HK$1.7 million and income taxes paid of approximately HK$5.3 million.

Net cash used in investing activities

For FY21/22, we had net cash used in investing activities of approximately HK$4.5 million, which primarily consists of purchases of property, plant and equipment of approximately HK$4.6 million.

Net cash from (used in) financing activities

For FY21/22, we had net cash from financing activities of approximately HK$53.6 million, which primarily consists of proceeds from issue of convertible redeemable preferred shares of approximately HK$64.1 million and advance from a Director of approximately HK$7.5 million, partially offset by the prepayment of Listing expense of approximately HK$1.6 million, repayments of leases liabilities and related finance cost of approximately HK$7.0 million and repayment to a director of approximately HK$9.0 million.

Gearing ratio

Gearing ratio (i.e. interest-bearing gross debt (including bank overdraft) divided by total equity) remained relatively stable at 0.01 and nil as at 31 March 2021 and 31 March 2022, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Principle Risks and Uncertainties

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

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

Financial risk management policies and practices

Our Group is also exposed to certain financial risks which are set out in note 31 to the consolidated financial statements in this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Direct-to-consumer platform (the "1P Business Model")

Despite the heavy impact on the Hong Kong economy brought about by the outbreak of the COVID-19 pandemic, we have noted that the Hong Kong online retail sales have outperformed the overall Hong Kong economy, and that Hong Kong residents have gradually switched from purchasing from offline stores to online purchases, thereby fuelling the growth of the entire Hong Kong e-commerce industry.

Several rounds of the CVS have helped stimulate local consumption to a certain extent. One-off though it may seem, we believe the CVS has inevitably increased public acceptance of online payment methods and further shifted their consumption pattern towards online purchases.

With the phase I of the new round of the CVS launched in April 2022, alongside our enhanced market position and brand awareness, we recorded a record-high monthly sales of approximately HK$100.6 million in April 2022.

Going forward, we will continue to strengthen the breadth and depth of our inventory level and focus on the consumer electronics and home appliances segment under the 1P Business Model. In terms of breadth, we strive to explore more popular brands in both local and overseas markets that offer products under our five sub-categories, namely consumer electronics, beauty and health products, home appliances, computers and peripherals and lifestyle products, which is in line with the preference of Hong Kong consumers. In terms of depth, we intend to focus on strengthening our sourcing ability and establishing our relationships with suppliers to maintain a more stable supply of products.

Meanwhile, to further embody the synergy effect with our online retail sales business under the Yoho OMO Business, we intend to lease and set up our third retail store in the Causeway Bay district, which is expected to open in the third quarter of 2022. We expect the establishment of such third retail store would enable us to better serve our existing and potential customers in the Hong Kong Island.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketplace platform (the "3P Business Model")

As one of the leading Hong Kong-based direct sales e-commerce platform operators, we believe that we are poised to tap into online marketplace operations, leveraging our significant website traffic. We intend to launch in the second half of 2022 our online marketplace operations, where third-party merchants may sell their products to consumers and we will earn commission income, and we, at the same time, will also stand to expand the product offerings available on our Yoho E-commerce Platform beyond the categories of consumer electronics and home appliances.

Our goal is to diversify the product offerings available on our Yoho E-commerce Platform for synergy, and we have been initially looking to partner with third-party merchants offering such products and services as household products and medical and healthcare services.

We expect the launch of our online marketplace would have a positive impact on the following areas:

- Our ability to increase the number of registered members

  The number of registered members is a key indicator of our revenue growth and market share in the Hong Kong's e-commerce market. Our number of registered members grew from approximately 539,000 as at 31 March 2021 to approximately 775,000 as at 31 March 2022 and demonstrated increased activity level, attributable to our ability to satisfy customers' demand through a diversified product offering. With more products available under our marketplace operations, we hope to further grow our customer base by attracting more new customers and engaging our existing users more.

- Our ability to increase customer purchases

  The increase in the number of completed orders has contributed to our revenue growth. The number of completed orders increased from approximately 346,000 in FY20/21 to approximately 473,000 in FY21/22, primarily driven by (i) our promotional campaigns launched in collaboration with several financial institutions and Fintech companies and (ii) a step-up in our marketing and promotion efforts.

  Similarly, we intend to adopt these effective marketing and promotional measures to drive conversions in new product categories. As the merchandise offered by third-party merchants are of relevance and interest to our existing customers, we can provide more targeted and relevant product promotions and recommendations to our customers. We expect the introduction of our online marketplace would increase the number of completed orders.

- Our ability to improve the overall gross profit margin

  The launch of our online marketplace will positively impact our overall gross profit margin. By charging a commission from the sales of products or services between customers and third-party merchants, we can generate revenue without purchasing inventory and, by extension, without increasing the cost of goods sold. We also intend to offer marketing and other value-added services to our merchants. The commission income and service income from the 3P Business Model are expected to have higher gross profit margins than our existing 1P Business Model.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Information

Use of proceeds from the Global Offering

On 26 May 2022, the Company offered 55,000,000 Shares for subscription by public in the Global Offering. The offer price per Share was determined at HK$2.10 and the Shares were successfully listed on the Main Board of the Stock Exchange on 10 June 2022. The net proceeds (after deduction of underwriting fees and commissions and other listing expense) from the Global Offering were approximately HK$74.7 million. The net proceeds would be applied in manners described under the section headed "Future Plans and Use of Proceeds" to the Prospectus.

The Shares were only listed in June 2022. The Company raised new capital through the Global Offering in 2022, and details of the proposed use of proceeds are set out in the Prospectus.

Talent remuneration

Including the Directors, as at 31 March 2022, our Group had 95 permanent full-time employees as compared with 71 as at 31 March 2021. Our Group provides remuneration package consisting of basic salary, bonus, and other benefits to them. Bonus payments are discretionary and dependent on both our Group's and individual performances. Our Group also provides comprehensive medical and life insurance coverage, competitive retirement benefits schemes, and staff training programs and operates a share option scheme.

Capital expenditure

During FY21/22, our Group acquired items of property, plant and equipment of approximately HK$4.6 million (FY20/21: approximately HK$1.0 million).

Contingent liabilities

Our Group had no material contingent liabilities as at 31 March 2021 and 31 March 2022.

Foreign exchange exposure

Substantially all of our Group's monetary assets and liabilities are primarily denominated in Hong Kong dollars ("**HK$**"), United States dollars ("**US$**") and Japanese yen ("**JPY**"). Given the pegged exchange rate between HK$ and US$, the exposure of entities that use HK$ as their respective functional currencies to the fluctuations in US$ is minimal. However, exchange rate fluctuations between HK$ and JPY could affect our Group's performance and asset value. Our Group manages its foreign exchange risk by closely monitoring the movement of the foreign exchange rates and will consider hedging arrangements for significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments and material acquisitions and disposals

During the Reporting Period, the Group did not have any significant investments, material acquisitions and/or disposals of subsidiaries, associates or joint ventures.

Events after the Reporting Period

Save as disclosed in this annual report, there were no other significant events that may affect our Group since the end of the Reporting Period.

Events of our Group after the Reporting Period are set out below.

(a) on 20 May 2022, the Company adopted a share option scheme (the "**Share Option Scheme**"), the principal terms of which are set out in the Report of the Directors in this annual report;

(b) pursuant to the written resolutions of the Shareholders passed on 20 May 2022, it was resolved, among other things, that:

- the Company's authorised share capital was increased from US$50,000 divided into 448,773,777 Shares with a par value of US$0.0001 each and 51,226,223 Series A Preferred Shares with a par value of US$0.0001 each to US$200,000 divided into 1,948,773,777 Shares with a par value of US$0.0001 each and 51,226,223 series A preferred shares with a par value of US$0.0001 each by the creation of 1,500,000,000 Shares;

- conditional upon the fulfilment or waiver of the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" in the Prospectus and subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of the new shares under the Global Offering, the Directors were authorised to allot and issue a total of 247,773,777 Shares credited as fully paid at par to the Shareholders and holders of Series A Preferred Shares whose names appear on the register of members of the Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue (as defined in the Prospectus) in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company (assuming that all Series A Preferred Shares having been converted into ordinary shares on an one-to-one basis), each ranking pari passu in all respects with the then existing issued Shares, by way of capitalisation of an amount of US$24,777.3777 standing to the credit of the share premium account of the Company; and

- conditional upon completion of the Global Offering, each of the Series A Preferred Shares be converted into ordinary shares on an one-to-one basis by the re-designation and re-classification thereof into ordinary shares, such that the authorised share capital of the Company is US$200,000 divided into 2,000,000,000 shares of US$0.0001 each; and

MANAGEMENT DISCUSSION AND ANALYSIS

(c) following the successful Listing on the Stock Exchange on 10 June 2022, the Company has completed the followings:

- conversion of (i) 36,195,122 Tranche One Series A Preferred Shares (as defined in the Prospectus) and (ii) 15,031,101 Tranche Two Series A Preferred Shares (as defined in the Prospectus) into 51,226,223 Shares;

- Capitalisation Issue (as defined in the Prospectus) of 247,773,777 ordinary shares of US$0.0001 each; and

- issuance of 55,000,000 new Shares of US$0.0001 each issued at the offer price of HK$2.10 per Share for the Global Offering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report ("**ESG Report**") is issued by our Group in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") in Appendix 27 to the Listing Rules. This ESG report covers the Group's ESG policies, initiatives and performance from 1 April 2021 to 31 March 2022 relating to our e-commerce and offline retail sales for consumer electronics, home appliances, beauty and health electronic products, computers and peripherals, and lifestyle products. The scope of this ESG Report covers our operations in Hong Kong, including our headquarters, retail stores and warehouse.

REPORTING PRINCIPLES

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

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

ESG GOVERNANCE

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

Our Board of Directors have overall responsibility for our ESG strategy and reporting, ensuring that our ESG policies are duly implemented, monitoring the progress made against ESG targets and continuous updating for full compliance with the latest standards. In particular, our Audit Committee is responsible for overseeing and guiding our Company's ESG initiatives, identification, assessment and management of our ESG-related risks, such as climate-related issues, as well as ensuring that appropriate and effective ESG risk management and internal control policies are in place.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG working group is comprised of management personnel from multiple departments and business units. It is obligated to turn strategies and plans into actionable tasks, as well as assisting the Audit Committee in monitoring and managing ESG-related risks and opportunities. Furthermore, the working group is accountable for the collection and analysis of internal ESG data, review of feedback from internal and external stakeholders, communication to the Board for key ESG matters, as well as preparation of this ESG report.

In order to drive our ESG commitment and continually enhance our sustainability performance, we have established the following targets. We will consistently monitor our achievement of the environmental targets set, through the implementation of environmental practices and steps described in the "Environmental" section below.

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

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

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement is that we ensure a good understanding of the views and expectations that help define our present and future sustainability strategies. Particularly, we have engaged with the stakeholders that are directly impacted by our Group's operations, including investors, customers, employees, suppliers, local community, and regulatory bodies. We continue to maintain ongoing communication with our key stakeholders to understand their concerns and interests towards our operations and sustainability performances. Feedback collected through the stakeholder engagement exercises has provided valuable insights to our strategic development, and also has contributed to the preparation of this ESG Report. With the outbreak of COVID-19 pandemic, the Group also adopts various e-channels, such as online meetings, for communication with various stakeholders. Other communication channels with stakeholders include annual general meetings, financial reports, announcements, supplier audits, customer feedbacks, employee surveys, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

A materiality assessment is conducted in the Reporting Period to reassess the existing ESG topics and identify potential areas that would have a significant environmental and social impact on and are material to our business and the stakeholders' interests. Material ESG issues of the Group covered in this ESG Report are as follows:

Aspects	Material ESG Issues
A. Environmental	
A1. Emissions	• Air and Greenhouse Gases Emissions • Waste Management
A2. Use of Resources	• Energy Consumption and Efficiency • Packaging Materials
A3. Environment and Natural Resources	• Environmental Management System
A4. Climate Change	• Climate Change
B. Social	
B1. Employment	• Employment • Recruitment and Termination • Promotion, Remuneration and Working Conditions • Equal Opportunities, Diversity and Anti-Discrimination
B2. Health and Safety	• Occupational Health and Safety
B3. Development and Training	• Employee Training and Career Development
B4. Labour Standards	• Prohibition of Child Labour and Forced Labour
B5. Supply Chain Management	• Supply Chain Monitoring
B6. Product Responsibility	• Quality Management • Protection of Customer Information and Intellectual Property Rights
B7. Anti-corruption	• Preventing Bribery and Corruption
B8. Community Investment	• Community Investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMPLIANCE WITH LAWS AND REGULATIONS

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

ENVIRONMENTAL

The Group is committed to manage long-term environmental risks and impacts to maintain a sustainable business. We have cooperated with employees and contractors to enhance their awareness towards environmental protection, in key areas including greenhouse gases ("**GHG**") emissions, energy consumption and efficiency, and waste disposal. In addition, we have ensured employees of all levels understand the environmental aspects of their duties and are capable to carry out such obligations.

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

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

Due to our business nature as an e-commerce and offline retailer, our operation does not involve any significant water consumption and hazardous waste, therefore, the relevant disclosures are not applicable.

Air and Greenhouse Gases ("GHG") Emissions

The major source of our emissions is the indirect GHG emissions generated from our electricity usage. The total indirect GHG emissions and intensity for FY21/22 were 135.41 tonnes CO_2e and 0.0030 tonnes CO_2e per square foot area, respectively. The breakdown of our GHG emissions is as follows:

Item	**Unit**	**Total amount in FY21/22**
Total GHG emissions	Tonnes CO_2e	135.41
Scope 1: Direct GHG emissions		*0*
Scope 2: Energy indirect GHG emissions		*135.41*

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

Waste Management

We adhere to the "3R" approach to environmental conservation, i.e. reduction of waste, reuse of resources and recycling of used materials, to the largest practicable extent in our business operation as a show of care for the environment, in the hope that we can play a part in securing sustainable development.

Paper consumed are identified as our major sources of non-hazardous wastes. No hazardous waste was produced directly by the Group due to our business nature. During FY21/22, 0.84 tonnes of paper were consumed by the Group. For waste reduction and resource management purposes, as well as to achieve our waste generation target, the Group has launched various initiatives as follows:

- We have made efforts to minimise the use of plastic bags by only offering paper bags, which are recyclable, to our customers at our retail stores.
- We have rolled out our own shopping bag, "'I Used To Be Plastic Bottle' RPET Shopping Bag", which is made of recycled polyethylene terephthalate (PET) extracted from used plastic bottles. It serves as a more environmentally-friendly option for our customers as compared with, for example, plastic shopping bags that are non-biodegradable and nylon shopping bags which are made from fossil fuels.
- We have adopted digital price-tags in our offline retail stores which refresh themselves automatically to ensure synchronisation of pricing information on the Yoho E-commerce Platform and at our retail stores. The adoption of digital price-tags significantly cuts down the use of paper price-tags.
- To reduce paper use, we have introduced e-invoices for offline retail sales unless our customers make specific requests for physical copies. We have also encourage double-sided printing and made use of e-communication platforms to reduce office paper consumption.
- To foster a culture of reuse and recycling, we advocate the use of refurbished units and offer certain refurbished items for sale, such as smartphones, vacuum cleaners and desktop computers. We generally provide our employees with refurbished computers for business purpose unless specifically requested otherwise.

Energy Consumption and Efficiency

We are conscious of our carbon footprint and the use of natural resources across our operations. We fully recognise the importance of energy conservation and climate change mitigation, and through our commitment to improving our energy efficiency. During FY21/22, the amount and intensity of electricity consumed directly by the Group were 347,203.00 kWh and 7.61 kWh per square foot of office area, respectively.

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The Group is dedicated to control electricity consumption as well as the corresponding GHG emissions in order to meet our energy use target, and hence the following energy-saving principles and initiatives have been developed and implemented to align sustainability concept with our business operation during the Reporting Period:

Office

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

Offline retail stores

Our retail stores with long operating hours contribute significantly to our energy consumption. We track and manage our energy use in our offline stores, and seek to minimise the use of air conditioning and lighting in the premises.

Warehouse

We have been paving the way for sustainable logistics and have worked together with our third-party service providers to identify key action areas to improve our energy efficiency so as to reduce our carbon and air emissions.

Packaging Materials

We have taken initiatives in accelerating more sustainability components of packaging in light of our continuous business expansion which may inevitably result in the increase in the consumption of paper boxes for order delivery. Accordingly, we aim to use environmentally-friendly packaging materials for parcels, such as paper boxes without logos, which will then be recyclable. We have, to our best effort, replaced some of our packaging paper boxes with recycled paper boxes when making delivery to our customers. After carefully assessing the condition of the paper boxes containing merchandise shipped from our suppliers, those found to be in good condition will be reused to pack our products for delivery to our customers. During FY21/22, we have consumed 1.72 tonnes of packaging materials, including cartons and wrapping paper.

Environmental Management System

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

The key features of our environmental management system are summarised as below:

- Identify, evaluate and assess environmental risks as well as relevant statutory requirements on an ongoing basis;
- Engage major stakeholders such as employees and suppliers during the risk assessment process, and jointly develop appropriate mitigation plans;

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- Establish measurable and practicable environmental performance objectives and targets, and to conduct regular status evaluations;

- Launch environmental protection measures and conduct timely reviews over operating effectiveness of the controls;

- Ensure the availability of resources, and define roles and responsibilities to facilitate effective environmental performance management;

- Investigate, handle and document environmental incidents properly in accordance with relevant legislations and standards, and identify preventive and corrective measures; and

- Perform management review of the environmental management system, through for instance analysis of monitoring results of environmental measures, to assess its adequacy and effectiveness, and identify opportunities for improvement.

Climate Change

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

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

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

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

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

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SOCIAL

Employment

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

Our administration and finance Team is responsible for recruiting high-calibre talents and managing matters related to compensation, benefits, performance review, career development and employee retention. To attract, retain and motivate best-in-class employees, we strive to provide competitive compensation packages to our employees. The Group monitors the internal fairness of compensation within the organisation and external fairness within the labour market of related industries to provide our employees the best possible compensation programme.

Recruitment and Termination

We generally recruit our employees from the open job markets through advertising on the Yoho E-commerce Platform and online job portals. Qualified candidates are selected and employed according to pre-set criteria for fair assessment with the consideration of their interview performances, relevant experiences, and academic and professional qualifications. We also enter into written employment contracts with our employees, which contain information of working hours, salaries and benefits as well as other terms and conditions covering employees' interests.

In order to protect our employees from unreasonable termination, discipline and discharge procedures have been developed, and inappropriate behaviours leading to disciplinary actions or termination are specified by the Group.

Promotion, Remuneration and Working Conditions

Adhering to the principles of equal opportunities and performance-based rewards, employment and promotion decisions at our Group will be based on experience, qualifications, and abilities. Except where required or permitted by law, employment practices will not be influenced or affected by an applicant's or employee's race, colour, sex, age, disability, family status or any other characteristics protected by law. As a result of our equal opportunities policy, we have attracted employees from all walks of life, from teenagers who have just finished education to seasoned managers and professionals.

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

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

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We conduct periodic reviews of the performance of our employees and make reference to such performance reviews for assessing discretionary annual bonuses and salary adjustments.

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

Equal Opportunities, Diversity and Anti-Discrimination

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

As at 31 March 2022, the Group had 100 employees (both full-time and part-time) in Hong Kong. Our employee profile was as follows:

	Number of Employees
By Gender	
Male	59
Female	41
By Age	
Below 30	33
30–49	67
50 or above	0
By Employment Type	
Senior Management Level	4
Manager Level	12
General Level	84
By Position Type	
Full Time	95
Part Time	5
By Geographical Region	
Hong Kong	100

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Employee Turnover Rate	Percentage
By Gender	
Male	23.38%
Female	28.07%
By Age	
Below 30	32.65%
30–49	20.24%
50 or above	100.00%
By Geographical Region	
Hong Kong	25.37%

Notes:

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

(2) The Employee Turnover Rate of employee aged above 50 was 100% because the only staff aged above 50 left during the Reporting Period.

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

Occupational Health and Safety

We put strong emphasis on work safety. We are committed to meeting all health and safety statutory requirements and to exceeding them wherever it is reasonably practicable. Our warehouse employees are required to attend safety training upon commencement of their respective employment.

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

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

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

Preventive measures during the COVID-19 pandemic

We carefully and continuously assess and monitor the evolving COVID-19 situation with stringent anti-epidemic measures, which have resulted in no reporting of confirmed case of COVID-19 in our workplace during the Reporting Period.

Hygiene guidelines are issued for every employee to follow to ensure that basic hygienic standards are met in the workplace. We have also established guidelines and contingency plans to respond to the potential risks of discovery of confirmed COVID-19 cases among our employees. Once a member of our Group is confirmed positive with COVID-19 infection, our response team will immediately activate procedures including reporting to our management and the authority, identification of close contact personnel, arrangement of virus testing and isolation for employees of high infection risk, disinfection cleaning by professionals, etc.

We have also provided virus protection kits (including surgical masks and alcohol gel) for our employees to minimise infection risks during the COVID-19 pandemic.

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

Employee Training and Career Development

To continuously improve the performance of our employees, we provide training to newly recruited employees for them to understand our Group's operation and working environment. Induction programs aim to introduce new employees to our Group, with sharing of our Group's corporate structure, culture, and other important business information. Through proper induction programs, employees can better acclimatise to our Group, so as to be prepared to thrive in their new positions.

We also provide in-house training to our employees on an on-going basis whenever necessary, through which they can gain knowledge of our business operation and master professional skills. Moreover, under our performance feedback mechanism, supervisors are responsible for providing their subordinates with feedback on their job accomplishments and areas of improvements. We also encourage employees to maintain an open discussion with their department management personnel in relation to their aspired career path and support required.

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

Employees Trained	Percentage
By Gender	
Male	53.33%
Female	46.67%
By Employment Type	
Senior Management Level	10.00%
Manager Level	33.33%
General Level	56.67%

Average Training Hours Completed per Employee	Hours
By Gender	
Male	2.21
Female	4.40
By Employment Type	
Senior Management Level	5.94
Manager Level	5.38
General Level	2.65

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

Prohibition of Child Labour and Forced Labour

The Group believes that labour relations characterised by mutual respect and equality will enhance employee morale and unity. Therefore, we adopted policies to protect the interest of employees, for instance, we forbid any unlawful employment including child and forced labour. All of our employees must have reached the statutory age and possess identification documents before commencement of work. The employment contracts should be signed voluntarily and without any coercion. In any case that such violation is discovered, the responsible person will be subjected to internal investigations, and may face disciplinary actions or be handled by authorities when deemed suitable.

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

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Supply Chain Monitoring

We work with global and local suppliers who offer a wide range of products to us. We strive to minimise the negative impact and risks brought about by any potential disruption along our supply chain. We have implemented effective corporate governance measures such as the screening of, obtaining product safety certifications from, and verification checks on our suppliers. We prefer to engage suppliers with satisfactory environmental and social products and practices, and therefore we have assessed the environmental awareness and management mechanisms of our potential suppliers during our selection process.

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

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

Geographical Regions	Number of Suppliers
Hong Kong	412
Mainland China	20
Others (e.g. Korea, USA, Japan, etc.)	15

Quality Management

To ensure the authenticity and quality of the products procured from our suppliers, we only make procurement with suppliers on our pre-approved list. Our pre-approved suppliers are selected taking into account factors including but not limited to their reputation, brand image, track records of product offering and the quality of the products they offer. We also endeavour to procure our products either directly from brand owners or from authorised distributors of the relevant brands to ensure the authenticity and quality of the products procured. The list of pre-approved supplier is also reviewed and updated by our procurement team, administration supervisor and our financial controller from time to time. New suppliers will only be added to the list upon completion of preliminary background search including obtaining their business registration certificates and/or certificate of incorporation or other supporting documents verifying their capacity as brand owners or authorised distributors of the products to be supplied. We will also cease any business relationship with the relevant suppliers immediately when they are no longer able to satisfy our requirements regarding our products authenticity and quality. The list of pre-approved suppliers is reviewed by our chief executive officer semi-annually for internal control purpose.

After the products are delivered to us by our suppliers, they are placed in our warehouse or retail stores where they will be checked by our designated colleagues with sufficient seniority and experience under our warehousing and logistics team. The designated colleagues will be responsible for counting and confirming the receipt of the correct quantity and authenticity (for example, examination of the relevant anti-counterfeit labels or product warranty cards issued by the brand owners or authorised distributors) of the products and inspect the packaging condition of the delivered products. To further ensure the quality and authenticity of the products to be sold to our customers, we may also require suppliers to provide us with relevant certificates of safety compliance, where appropriate. In cases where issues in relation to product quality or authenticity are identified, our warehousing and logistics team will immediately report to our procurement team for its liaison with our suppliers for refund or return of the relevant products, and our procurement team may remove such supplier from our pre-approved list where necessary.

In terms of advertising and marketing labels, we have conducted detailed verification of product labels, promotional documents, website information, and advertisements before the products are launched or advertisement is released, so as to ensure that the descriptions and information on product advertisements and labels are consistent with the actual situation of the product, and ensure the legal compliance of product labels and marketing behaviours.

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During the Reporting Period, the Group had not received any complaints due to poor quality and safety which have a material impact on the Group's business operations and financial position, nor is there any product labellings or products sold or shipped subject to recalls for safety and health reasons. If a complaint arises, we will assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, we will immediately provide the relevant solution to solve the issues as soon as practicable. In case of any product recalls due to safety and health reason, we will immediately conduct investigation and communicate with the respective supplier, requiring them to be accountable either by claiming penalty or, for frequent offenders, blacklisting them. We did not have product recalls related to safety and health reasons during the Reporting Period.

Protection of Customer Information and Intellectual Property Rights

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

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

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

Preventing Bribery and Corruption

As a socially responsible company, we employ a zero tolerance approach towards bribery, extortion, fraud, money laundering and any other form of corruption as a means to uphold business ethics, in order to minimise the business risks that our stakeholders may be exposed to and avoid any detrimental effect that may be posed on society. There exists effective measures throughout our Group including risk management and internal control policies to prevent any form of corruption. Such measures also provide our employees with clear guidance and training in dealing with receiving gifts and donation, conflict of interests, etc. For example, all our employees are to observe a self-declaration guideline upon receiving any gifts or sample products. Furthermore, various training sessions are conducted regularly within our Group to strengthen our staff's adherence to the policies and practices in relation to anti-corruption. During the Reporting Period, our Directors and staff participated in trainings regarding anti-corruption.

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

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

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

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Community Investment

We have established our policy on community engagement to understand the needs of the local community and to ensure our activities take into consideration the community's interests. Our focus areas of contribution include, among others, education, culture and health. In particular:

Community engagement and investment

- We have provided donation and/or sponsorship to several non-governmental organisations such as Orbis, the Hong Kong Children Foundation and the Society for Abandoned Animals.
- We have been a loyal supporter of the "Make-A-Wish Come True" programme launched by the Hong Kong Christian Service, whose intended beneficiaries include, among others, low-income or single-parent families, the elderly, children with special needs, disabled persons and ethnic minorities.
- In February 2022, we were awarded the Caring Company Logo 2021/22 by The Hong Kong Council of Social Service.

Nurturing future generations

- We have provided sponsorship to the Hong Kong Federation of Business Students in supporting their events organised for local business students.
- Ms. Tsui, the co-founder of the Yoho OMO Business, one of our controlling Shareholders, our executive Director and chief operating officer serves as one of the mentors for the Business School of the University of Hong Kong mentorship programme which aims to provide students with opportunities to enhance their skills and knowledge essential for their future career development.
- Mr. Law, the Chief Financial Officer of our Group, serves as one of the mentors and committee members of Fin Society which was founded with the objective of strengthening the competitiveness of finance practitioners in Hong Kong and empowering the next generation of finance leaders. Mr. Law was also one of the guest speakers at the CityU EMBA course in November 2021.
- We participated in a school-based project organised by the Business School of the University of Hong Kong for their students. In such project, students worked as a team to tackle hypothetical business challenges which may be faced by us using actual data.
- We co-operated with local educational institutions, such as the Chinese University of Hong Kong and Hong Kong International School, in offering management trainees and internship programmes for students in Hong Kong.

Support to local start-ups and homegrown brands

- We actively work with local start-ups and innovate on the basis of our shared values and beliefs. This is in line with the culture of collaboration and encouragement of entrepreneurship rooted in our business operation. For example, we are keen to enlist the services of Hong Kong-based logistics companies and courier services providers. We join forces with local start-ups to carrying our common visions into fruition, as a means to facilitate the advancement of the local start-up ecosystem.
- We are disposed to support the growth of homegrown brands, and minded to provide local enterprises with the benefits of our well-established sales channels through which they could effectively introduce their products to consumers. A selection of quality products offered by Hong Kong brands, are available on the Yoho E-commerce Platform and at our retail stores.

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APPENDIX 27 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

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

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

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

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

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

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wu Faat Chi (胡發枝)

Chief Executive Officer

Mr. Wu Faat Chi ("**Mr. Wu**"), aged 36, co-founded our Yoho OMO Business in 2013, was appointed as a Director in April 2021, and was re-designated as an executive Director and appointed as the Chairman of our Board in June 2021. Mr. Wu is responsible for formulating the strategic development plans of our Group, overseeing the design and development of our IT infrastructure, and overall management of our Group. Mr. Wu has more than 14 years of experience in the Consumer Electronics and Home Appliances industry in Hong Kong and the PRC. Prior to commencing our Group's e-commerce business in 2013, he was involved in the trading and distribution of consumer electronics through offline channels in Hong Kong from 2008 to 2013. He was also engaged in the trading of consumer electronics in the PRC from 2011 to 2013. Mr. Wu obtained a degree of Bachelor of Business Administration with a major in Economics and a minor in Humanities and China Studies from the Hong Kong University of Science and Technology in November 2008. Mr. Wu is also one of the directors of each of our subsidiaries. Mr. Wu is the spouse of Ms. Tsui Ka Wing.

Ms. Tsui Ka Wing (徐嘉穎)

Chief Operating Officer

Ms. Tsui Ka Wing ("**Ms. Tsui**"), aged 38, co-founded our Yoho OMO Business in 2013, was appointed as a Director in May 2021, and was re-designated as an executive Director in June 2021. Ms. Tsui is responsible for designing and implementing business strategies, as well as overseeing regulatory compliance and the daily operations of our Group. Ms. Tsui has over nine years of experience in the e-commerce industry in Hong Kong. After graduation, from October 2009 to August 2010, Ms. Tsui became an audit associate at Deloitte Touche Tohmatsu. Prior to joining our Group, in September 2012, she co-founded Usamimi International Limited, an O2O fashion e-commerce business. Ms. Tsui received a degree of Bachelor of Economics and Finance from the University of Hong Kong in December 2009. Ms. Tsui is also one of the directors of each of our subsidiaries. Ms. Tsui is the spouse of Mr. Wu.

NON-EXECUTIVE DIRECTORS

Mr. Man Lap (文立)

Mr. Man Lap ("**Mr. Man**"), aged 48, was appointed as a Director in May 2021, and was re-designated as a non-executive Director in June 2021. As confirmed by Mr. Man, he is a Director nominated by Beyond Ventures Vehicle. Mr. Man is a co-founder and managing partner of Beyond Ventures I Fund L.P. ("**Beyond Ventures**"), a Hong Kong-based venture capital fund. He is primarily responsible for identifying potential start-ups and driving the investment decision. From December 2017 to August 2019, Mr. Man served as a managing partner of eGarden Ventures Management Limited (毅園投資管理有限公司), a venture capital company, where he was responsible for identifying potential start-ups and driving the investment decision. Mr. Man served as the head of business development at LinkAGE Online, a Hong Kong based Internet service provider, from June 1995 to August 1999, where he was responsible for developing new services for corporate clients. Mr. Man founded DYXnet Group (a wholly-owned subsidiary of 21Vianet Group, a carrier and cloud neutral Internet data center service provider listed on NASDAQ with stock code: VNET) in 1999 and he was the chief executive officer from September 1999 to September 2018. He was primarily responsible for developing strategic plans for DYXnet Group. Mr. Man obtained a degree of Bachelor of Arts from the Chinese University of Hong Kong in December 1997. Mr. Man is also one of the directors of each of our subsidiaries.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Hsieh Wing Hong Sammy (薛永康)

Mr. Hsieh Wing Hong Sammy ("**Mr. Hsieh**"), aged 49, was appointed as a non-executive Director in June 2021. Mr. Hsieh has been a co-founder and a director of the board of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK) since 2009, where he is responsible for providing strategic advice. Since 2021, Mr. Hsieh has also been an independent director of Magnum Opus Acquisition Limited (a special purpose acquisition company, which focuses on investing in companies in the consumer, technology or media sectors in Asia and listed on the New York Stock Exchange with stock code: OPA) and an independent director of Black Spade Acquisition Limited (a special purpose acquisition company, which focuses on investing in companies in the entertainment industry, enabling technology, lifestyle brands, products or services and entertainment media and listed on the New York Stock Exchange with stock code: BSAQ). From 2000 to 2008, Mr. Hsieh was a director of the search marketing team in Yahoo Hong Kong, where he was responsible for managing the overall business activities. Mr. Hsieh was a general manager in Efficient Frontier, a digital marketing company, where he was responsible for overseeing its business in the PRC. Mr. Hsieh obtained a degree of Bachelor of Arts in Economics from the University of California, Los Angeles in the United States in September 1995.

Mr. Adamczyk Alexis Thomas David

Mr. Adamczyk Alexis Thomas David ("**Mr. Adamczyk**"), aged 48, was appointed as a non-executive Director in June 2021. Mr. Adamczyk has been the head of corporate development and mergers and acquisitions of Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited (a company listed on the Stock Exchange with stock code: 0035) since August 2019, where he is responsible for overseeing corporate development and mergers and acquisitions. Mr. Adamczyk served as a director of Deutsche Bank Group Services (UK) Limited from March 1997 to July 2005 in London and Hong Kong, where he was a member of the equity capital markets department. From July 2005 to March 2019, Mr. Adamczyk worked at The Hongkong and Shanghai Banking Corporation Limited in Hong Kong, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005), with his last position being a managing director and co-head of the equity capital markets department for Asia Pacific, where he was jointly responsible for overseeing the department. Mr. Adamczyk obtained a degree of Bachelor in Business Administration from the Montreal University (HEC Montreal) in Canada in April 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Qian, Sam Zhongshan (錢中山)

Dr. Qian, Sam Zhongshan ("**Dr. Qian**"), aged 58, is our independent non-executive Director and joined our Group in May 2022. Dr. Qian has been the chief executive officer of Star Plus Development Limited since October 2020, where he is responsible for formulating overall business strategy and corporate finance strategy. From March 2000 to March 2004, he was a vice president in Sohu.com Limited, which was formerly known as Sohu.com Inc. (a company listed on the NASDAQ with stock code: SOHU), where he was responsible for overseeing the finance, real estate and automobile channels. From April 2004 to June 2006, Dr. Qian was the president and chief financial officer of China Finance Online Co., Ltd (a company listed on the NASDAQ with stock code: JRJC), where he was responsible for the overall management and financial affairs of the company. From June 2013 to October 2019, he was a responsible officer of ExaByte Capital Management (HK) Limited to carry on Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Ch. 571 of the Laws of Hong Kong) (the "**SFO**"). Dr. Qian obtained a degree of Doctor of Philosophy from Columbia University in the United States in February 1991 and a degree of bachelor in Physics from the University of Science and Technology of China in the PRC in July 1985.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Shun (陳純)

Mr. Chan Shun ("**Mr. Chan**"), aged 35, is our independent non-executive Director and joined our Group in May 2022. Mr. Chan joined The Hongkong and Shanghai Banking Corporation Limited, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005) in September 2015 as a monitoring and testing manager in the regulatory compliance monitoring department. He was promoted as a senior monitoring and testing manager of the same department in August 2017. Since March 2020, he has been an associate director in the asset management regulatory compliance department, where he is responsible for providing compliance advices and guidance. From October 2009 to September 2013, Mr. Chan was an associate in the assurance department of PricewaterhouseCoopers with his last position as a senior associate. He then served as an assistant manager in the intermediaries supervision department of the SFC from September 2013 to September 2015, where he was responsible for supervising intermediaries' business conduct and compliance with relevant regulatory requirements. Mr. Chan obtained a degree of Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2009. He was admitted for a Juris Doctor degree of the Chinese University of Hong Kong in August 2017 and received JD Scholarship for Excellence for the academic year of 2017/18, 2018/19 and 2019/20. He then obtained a Juris Doctor degree from the Chinese University of Hong Kong in November 2021. Mr. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since January 2013. He has also been a charterholder of Chartered Financial Analyst since September 2014. He has been a holder of the European Federation of Financial Analysts Societies (EFFAS) Certified ESG Analyst since December 2021.

Mr. Ho Yun Tat (何潤達)

Mr. Ho Yun Tat ("**Mr. Ho**"), aged 36, is our independent non-executive Director and joined our Group in May 2022. Mr. Ho has been a financial director of Klook Travel Technology Limited, a global travel activities and services booking platform, since April 2020, where he is responsible for managing and leading the financial reporting, financial planning and analysis functions of the company. From October 2009 to July 2015, Mr. Ho was an associate in the tax department of PricewaterhouseCoopers with his last position as a manager in the assurance department in the financial services practice. From September 2015 to January 2016, Mr. Ho worked as an associate in the internal audit division of Morgan Stanley Asia Limited in Hong Kong. From January 2016 to November 2019, Mr. Ho worked as a financial director in GOGO Tech Limited, a technology platform in provision of logistics solutions. Mr. Ho obtained a degree of Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2009. Mr. Ho has been a member of Hong Kong Institute of Certified Public Accountants since March 2013.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Law Kwai Yee (羅貴義)

Chief Financial Officer

Mr. Law Kwai Yee ("**Mr. Law**"), aged 29, is the chief financial officer of our Group. He joined our Group in June 2021. Mr. Law is responsible for overseeing the financial affairs and formulating overall strategies, as well as leading the investor engagement of our Group. Mr. Law has over six years of experience in the corporate finance sector. Prior to joining our Group, Mr. Law worked at The Hongkong and Shanghai Banking Corporation Limited, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005) from July 2015 to July 2020, with his last position as an associate in the Global Banking division, where he was responsible for providing corporate finance and advisory services, as well as assisting in origination and execution of mergers and acquisitions and other capital market transactions. From July 2020 to June 2021, he served as a senior associate in the investment banking division of Citigroup Global Markets Asia Limited, where he was responsible for assisting clients in raising funds in the capital markets, as well as providing strategic advisory services for mergers and acquisitions and other types of financial transactions.

Mr. Law obtained a degree of Bachelor of Business Administration in Professional Accountancy from the Chinese University of Hong Kong in November 2015. During the academic year of 2013 to 2014, Mr. Law was a registered visiting student at the University of Oxford in the United Kingdom.

Mr. Lam Wai Chiu (林衛超)

Financial Controller and Company Secretary

Mr. Lam Wai Chiu ("**Mr. Lam**"), aged 35, is the financial controller and the company secretary of our Group. He joined our Group in April 2019. He is responsible for financial reporting and financial planning, and overseeing the account, finance and human resources departments of our Group. Mr. Lam has over 10 years of experience in the auditing and finance sector. Prior to joining our Group, Mr. Lam worked at Li, Tang, Chen & Co. as an audit clerk from April 2012 to January 2013, Hodgson Impey Cheng Limited as an accountant from January 2013 to November 2014, and Baker Tilly Hong Kong Business Services Limited as a senior associate from December 2014 to January 2015. From January 2015 to April 2017, Mr. Lam worked at BDO Limited with his last position as an assistant manager, where he was responsible for auditing work. From May 2017 to August 2017, he worked at Primocasa Interiors Limited, an interior design company, as a financial controller, where he was responsible for planning, developing, implementing and monitoring of the portfolio company's accounting and finance structure. From October 2017 to May 2018, he worked as a financial controller in Kid Kingdom Limited. From June 2018 to December 2018, he worked at Chi Kan Woodworks Company Limited (a company subsequently listed on the Stock Exchange with stock code: 9913) as a financial controller.

Mr. Lam obtained a degree of Bachelor of Arts in Accounting from the Edinburgh Napier University in the United Kingdom in January 2013. He has been a member of Hong Kong Institute of Certified Public Accountants since January 2017.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices.

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

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

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted its own securities dealing code regarding the code of conduct of Directors and employees (who are likely to be in possession of inside information of the Company) on dealings in the Company's securities (the "**Securities Handling Policy**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Handling Policy throughout the period from the Listing Date to the date of this annual report.

BOARD OF DIRECTORS

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

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

CORPORATE GOVERNANCE REPORT

Board Composition

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

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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

The biographical information of the Directors is set out in the section headed "Profile of Directors and Senior Management" on pages 47 to 50 of this annual report.

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

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Reporting Period, the Board held one meeting. Since the end of the Reporting Period and up to the date of this annual report, the Board held two Board meetings for the purposes of, among others, approving the (i) Global Offering and (ii) final results of the Group for the Reporting Period.

CORPORATE GOVERNANCE REPORT

A summary of the attendance records of the Directors at the Board meetings held during the Reporting Period and up to the date of this annual report is set out below:

Name of Directors	Attendance
Mr. Wu Faat Chi	3/3
Ms. Tsui Ka Wing	3/3
Mr. Man Lap	3/3
Mr. Hsieh Wing Hong Sammy	3/3
Mr. Adamczyk Alexis Thomas David	3/3
Dr. Qian Sam Zhongshan*	2/2
Mr. Chan Shun*	2/2
Mr. Ho Yun Tat*	2/2

* appointed on 13 May 2022

No annual general meeting of the Company was held during the period from the Listing Date to the date of this annual report because the Company was listed on 10 June 2022 and therefore there is no attendance record of the Directors at general meeting.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

The positions of chairman and chief executive officer are held by Mr. Wu. While this will constitute a deviation from code provision C.2.1, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decisions to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of eight Directors, and the Company believe there is sufficient check and balance on the Board; (ii) Mr. Wu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the Company and will make decisions of our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Group.

Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both the Board and senior management levels.

Finally, as Mr. Wu is one of the founders of the Yoho OMO Business, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

CORPORATE GOVERNANCE REPORT

Independent Non-Executive Directors

Since the Listing Date and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Appointment and Re-election of Directors

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

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

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

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

Note:

* appointed on 13 May 2022

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

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

BOARD COMMITTEES

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

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

CORPORATE GOVERNANCE REPORT

Audit Committee

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

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment and renewal of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

As the Company was listed on the Stock Exchange on 10 June 2022, no Audit Committee meeting was held during the Reporting Period. Since the Listing Date and up to the date of this annual report, one Audit Committee meeting was held on 17 June 2022 at which the Audit Committee discussed the issues relating to the publication of the final results of the Company and its subsidiaries for the Reporting Period as well as other related matters. All members of the Audit Committee attended the meeting.

Remuneration Committee

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

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

As the Company was listed on the Main Board of the Stock Exchange on 10 June 2022, no Remuneration Committee meeting was held during the Reporting Period. Since the Listing Date and up to the date of this annual report, one Remuneration Committee meeting was held on 17 June 2022 at which the Remuneration Committee discussed the remuneration packages of executive Directors and senior management as well as other related matters. All members of the Remuneration Committee attended the meeting.

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

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

CORPORATE GOVERNANCE REPORT

Nomination Committee

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

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

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

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

As the Company was listed on the Stock Exchange on 10 June 2022, no Nomination Committee meeting was held during the Reporting Period. Since the Listing Date and up to the date of this annual report, one Nomination Committee meeting was held on 17 June 2022 at which the Nomination Committee discussed the matters relating to the independence of the independent non-executive Directors, re-election of Directors, and the structure, size and composition of the Board. All members of the Nomination Committee attended the meeting.

Strategy and Investment Committee

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

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

As the Company was listed on the Stock Exchange on 10 June 2022, no Strategy and Investment Committee meeting was held during the Reporting Period. Since the Listing Date and up to the date of this annual report, one Strategy and Investment Committee meeting was held on 17 June 2022 at which the Strategy and Investment Committee discussed the investment projects for the long-term development of our Group as well as other related matters. All members of the Strategy and Investment Committee attended the meeting.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Director Nomination Policy

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

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

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

- whether the individual's educational background and qualification, skills and experience are relevant to the Company's business model and specific needs;

- individual's character and reputation for integrity;

- whether the individual would be able to devote sufficient time to the Board;

- (in respect of appointment and reappointment of independent non-executive Directors) Independence of the individual with reference to the independence criteria set out in Rule 3.13 of the Listing Rules;

- how the individual would be able to contribute to the diversity of the Board with reference to the factors set out in the Board Diversity Policy of the Company from time to time in force; and

- Board succession planning considerations.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the period from the Listing Date to the date of this annual report, there was no change in the composition of the Board.

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

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

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

As the Company had not yet listed on the Main Board during the Reporting Period, the requirements set out in the code provision A.2.1 of the CG Code were not applicable. Since the Listing Date, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. A Corporate Governance Policy setting out various corporate governance policies and procedures has been adopted by the Company, which applies to assist the Board and the top management to better perform their corporate governance duties to the Group and delegate the responsibilities to the Board committees.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

The Board has conducted its annual review of the effectiveness of the Group's risk management and internal control systems. The annual review also covered the financial reporting, internal audit function and staff qualifications, experiences and relevant resources. The Board considered that, for the Reporting Period, the risk management and internal control system and procedures of our Group were reasonably effective and adequate, and that no material deficiencies had been identified.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 77 to 81 in this annual report.

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

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

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

Service Category	Fees Paid/Payable
Audit Services	HK$250,000
Non-audit Services	
– As reporting accounts in relation to the Global Offering of the Group	HK$4,950,000
– Others	HK$20,000
	HK$5,220,000

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

The Company engages with its Shareholders through various communication channels.

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

Convening an Extraordinary General Meeting

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

CORPORATE GOVERNANCE REPORT

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

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

Tricor Investor Services Limited

Address:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email:	is-enquiries@hk.tricorglobal.com
Telephone:	(852) 2980 1333
Fax:	(852) 2810 8185

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

Contact Details

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

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

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

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

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

The general meetings of the Company provide a forum for communication between the Board and the Shareholders. The Chairman of the Board and the chairmen of the Nomination Committee, the Remuneration Committee, the Audit Committee and the Strategy and Investment Committee (or their delegates) will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries. The annual general meeting of the Company for the Reporting Period (the "**AGM**") will be held on 16 September 2022 and the notice of AGM will be sent to Shareholders of the Company at least 21 days before the AGM.

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

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

CHANGE IN CONSTITUTIONAL DOCUMENTS

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

DIVIDEND POLICY

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

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

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

REPORT OF THE DIRECTORS

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

REGISTERED OFFICE

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The business review of our Group for the Reporting Period is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" from pages 5 to 9 and pages 12 to 26 of this annual report, respectively. Description of the principal risks and uncertainties that our Group faces is set out in the section headed "Principal Risks and Uncertainties" on pages 21 of this annual report.

RELATIONSHIPS WITH STAKEHOLDERS

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

An account of the Company's relationships with its talents is set out in the sections headed "Management Discussion and Analysis" from pages 24 and "Environmental, Social and Governance Report" from pages 34 to 38 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

CHANGES TO DIRECTORS' INFORMATION

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

REPORT OF THE DIRECTORS

DIRECTORS' EMOLUMENT

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

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

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

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

In addition, discussion on our Group's environmental policies and performance are contained in the section headed "Environmental, Social and Governance Report" on pages 27 to 46 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The financial performance of our Group for the Reporting Period and the financial position of our Group as at that date are set out in the consolidated financial statements from pages 82 to 84 of this annual report.

ANALYSIS ON FINANCIAL PERFORMANCE

An analysis of the Group's performance during the Reporting Period is set out in the sections headed "Financial Highlights", "Operational Highlights" and "Management Discussion and Analysis" on page 3, page 4 and from pages 12 to 26 of this annual report, respectively.

DIVIDENDS

During the year ended 31 March 2021, Yoho E-Commerce Holdings Limited (formerly known as Yoho Group Holding Limited, an indirect wholly-owned subsidiary of the Company) declared dividends of approximately HK$20.2 million to its then shareholders. All the dividends have been fully settled. Save as disclosed above, no dividend was paid or declared by our Company during the Reporting Period.

The Board has resolved not to recommend the payment of a final dividend for the Reporting Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 September 2022 to 16 September 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 September 2022.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 27 to the consolidated financial statements. Shares were issued during the year on the exercise of share options. Details on the issuance of shares are also set out in note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" as set out on pages 73 to 74 of this annual report, no equity-linked agreement was entered into by our Group during the Reporting Period or subsisted at the end of the Reporting Period.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2022, calculated in accordance with the provision of Part 6 of Companies Ordinances (Cap. 622) of the laws of Hong Kong, amounted to approximately HK$29.3 million (2021: approximately HK$29.6 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2022 are set out in note 15 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

BORROWINGS

The Group had no outstanding borrowings as at 31 March 2022.

LOAN AND GUARANTEE

During the year ended 31 March 2022, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling Shareholders or their respective connected persons.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

TAX RELIEF AND EXEMPTION

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

DIRECTORS

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

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

Dr. Qian Sam Zhongshan *(appointed in May 2022)*
Mr. Chan Shun *(appointed in May 2022)*
Mr. Ho Yun Tat *(appointed in May 2022)*

In accordance with Articles 16.2 and 16.19 of the Articles of Association, Mr. Wu, Ms. Tsui, Mr. Man, Mr. Hsieh, Mr. Adamczyk and Dr. Qian will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

REPORT OF THE DIRECTORS

CONTRACTS WITH CONTROLLING SHAREHOLDERS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 47 to 50 of this annual report.

PERMITTED INDEMNITY PROVISION

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

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

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

Name of Director/chief executive of the Company	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Wu *(Notes 1,3)*	Interest in a controlled corporation and interest of spouse	311,545,390 (Long position)	62.3%
Ms. Tsui *(Notes 2,3)*	Interest in a controlled corporation and interest of spouse	311,545,390 (Long position)	62.3%
Mr. Man *(Note 4)*	Beneficial Interest	2,234,160 (Long position)	0.4%
Mr. Hsieh *(Note 5)*	Interest in controlled corporation	2,877,598 (Long position)	0.6%
Mr. Adamczyk	Beneficial Interest	1,027,714 (Long position)	0.2%

REPORT OF THE DIRECTORS

Notes:

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

2. The Wings Venture, which is wholly-owned by Ms. Tsui, is interested in 140,938,186 Shares. Under the SFO, Ms. Tsui is deemed to be interested in the 140,938,186 Shares held by The Wings Venture. Yo Cheers, which is wholly-owned by Ms. Tsui, is interested in 2,603,682 Shares, and under the SFO, Ms. Tsui is deemed to be interested in the 2,603,682 Shares held by Yo Cheers (BVI).

3. As Mr. Wu is the spouse of Ms. Tsui, Ms. Tsui is deemed to be interested in the 168,003,522 Shares in which Mr. Wu is interested via The Mearas Venture, and Mr. Wu is deemed to be interested in the 143,541,868 Shares in which Ms. Tsui is interested via The Wings Venture (as to 140,938,186 Shares) and Yo Cheers (BVI) (as to 2,603,682 Shares). As a result, each of Mr. Wu and Ms. Tsui is deemed to be interested in a total of 311,545,390 Shares, representing approximately 62.3% interest of the total issued share capital of our Company.

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

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

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

REPORT OF THE DIRECTORS

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

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

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

Note:

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

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

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

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

(a) Purpose

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

(b) Eligible participants

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

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

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

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

(d) Maximum entitlement of each participant

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

REPORT OF THE DIRECTORS

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

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

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

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

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

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

(h) Basis of determining the exercise price

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

(i) Life of the Share Option Scheme

The Share Option Scheme became unconditional on the Listing Date and shall be valid and effective for a period of ten years commencing therefrom, subject to the early termination provisions contained in the Share Option Scheme. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme. Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the Reporting Period and up to the date of this annual report and there was no outstanding option as at 31 March 2022 and as at the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

REPORT OF THE DIRECTORS

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

CONNECTED AND RELATED PARTY TRANSACTIONS

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

To the best knowledge of the Directors, save as disclosed under note 28 to the consolidated financial statements, there was no other related party transaction during the Reporting Period.

CORPORATE GOVERNANCE

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

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

The corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 51 to 65 of this annual report.

REPORT OF THE DIRECTORS

RETIREMENT SCHEME

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

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

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

AUDITOR

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

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

Hong Kong, 17 June 2022

INDEPENDENT AUDITOR'S REPORT

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

Deloitte. 德勤

OPINION

We have audited the consolidated financial statements of Yoho Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 82 to 143, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Estimation of convertible redeemable preferred shares	
We identified the estimation of the convertible redeemable preferred shares issued by the Company as a key audit matter as the key inputs to the valuation models require significant judgment and management estimates. As explained in note 5 to the consolidated financial statements, the convertible redeemable preferred shares issued by the Company are not traded in an active market, and the respective fair value is determined by using valuation techniques performed by independent qualified professional valuer engaged by the Company. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted the Black-Scholes Option Pricing Model to determine the fair value of the convertible redeemable preferred shares issued by the Company. Key inputs adopted by the independent qualified professional valuer engaged by the Company and approved by the management of the Company include discount rate and expected volatility as disclosed in note 31 to the consolidated financial statements. As set out in note 26 to the consolidated financial statements, as at 31 March 2022, the carrying value of the convertible redeemable preferred shares issued by the Company was approximately HK$68,787,000, with a loss on fair value change of approximately HK$4,684,000 for the year then ended recognised in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the estimation of convertible redeemable preferred shares issued by the Company included: • Understanding the key controls over the valuation process of convertible redeemable preferred shares issued by the Company; • Inspecting the terms of the subscription agreement of the convertible redeemable preferred shares issued by the Company; • Evaluating the independent qualified professional valuer's competence, capabilities and objectivity; • Involving our internal valuation specialists to review and assess whether the valuation model used by the independent qualified professional valuer engaged by the Company was appropriate and whether the key assumptions used in the valuation model including discount rate and expected volatility were reasonable; • Evaluating the potential impact on the estimation of convertible redeemable preferred shares issued by the Company based on the reasonably possible changes of discount rate and volatility adopted by the independent qualified professional valuer engaged by the Company and approved by the management of the Company; and • Evaluating the appropriateness and sufficiency of disclosures regarding the estimation of convertible redeemable preferred shares issued by the Company in notes 5, 26 and 31 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in the independent auditor's report is Ng Kin Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

17 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	6	**790,054**	523,029
Cost of goods sold		**(667,306)**	(431,967)
		122,748	91,062
Other income	7	**28**	3,269
Other gains and losses	8	**(4,643)**	(112)
Selling and distribution expenses		**(68,018)**	(44,946)
Administrative expenses		**(23,493)**	(15,300)
Listing expenses		**(21,703)**	–
Finance costs	9	**(419)**	(236)
Profit before taxation		**4,500**	33,737
Income tax expense	10	**(4,725)**	(5,004)
(Loss) profit and total comprehensive (expense) income for the year		**(225)**	28,733
(Loss) earnings per share –			
Basic (HK$ cents)	14	**(0.12)**	15.77
Diluted (HK$ cents)		**(0.12)**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**5,807**	2,756
Right-of-use assets	16	**18,438**	16,792
Deposits	19	**4,309**	2,401
		28,554	21,949
Current assets			
Inventories	17	**66,282**	66,946
Trade receivables	18	**7,701**	5,975
Other receivables, deposits and prepayments	19	**11,494**	8,862
Bank balances and cash	21	**126,256**	38,525
		211,733	120,308
Current liabilities			
Trade payables	22	**38,094**	27,244
Other payables and accruals	23	**17,657**	4,661
Contract liabilities	24	**14,972**	8,657
Amount due to a director	20	**–**	1,492
Convertible redeemable preferred shares	26	**68,787**	–
Income tax payable		**1,487**	2,066
Lease liabilities	25	**7,584**	5,394
Bank overdraft	21	**–**	964
		148,581	50,478
Net current assets		**63,152**	69,830
Total assets less current liabilities		**91,706**	91,779

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Other payable	23	90	–
Lease liabilities	25	12,721	12,711
Deferred tax liabilities	10	149	97
		12,960	12,808
Net assets		78,746	78,971
Capital and reserves			
Share capital	27	142	50,000
Reserves		78,604	28,971
Total equity		78,746	78,971

The consolidated financial statements on pages 82 to 143 were approved and authorised to issue by the board of directors on 17 June 2022 and signed on its behalf by:

WU Faat Chi
DIRECTOR

TSUI Ka Wing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company				
	Share capital HK$'000 (note 27)	**Share premium** HK$'000	**Other reserve** HK$'000 (note)	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2020	50,000	(599)	–	20,992	70,393
Profit and total comprehensive income for the year	–	–	–	28,733	28,733
Dividends recognised as distribution (Note 13)	–	–	–	(20,155)	(20,155)
At 31 March 2021	**50,000**	**(599)**	**–**	**29,570**	**78,971**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(225)**	**(225)**
Transfer upon group reorganisation (Note 2(e))	**(49,858)**	**599**	**49,259**	**–**	**–**
As 31 March 2022	**142**	**–**	**49,259**	**29,345**	**78,746**

Note: Other reserve represents the difference between the aggregate amount of share capital of the Company issued and the net asset values of Yoho BVI (as defined in note 2) in connection with the group reorganisation as disclosed in note 2(e) on 20 May 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	4,500	33,737
Adjustments for:		
Finance costs	419	236
Bank interest income	(28)	(178)
Depreciation of property, plant and equipment	1,526	705
Depreciation of right-of-use assets	7,349	4,881
Provision of impairment loss on inventories	640	373
Fair value change in convertible redeemable preferred shares	4,684	–
Convertible redeemable preferred shares issue cost	400	–
Gain on early termination on lease	(8)	–
Operating cash flows before movements in working capital	19,482	39,754
Increase in trade receivables	(1,726)	(2,116)
Increase in other receivables, deposits and prepayments	(2,008)	(276)
Decrease (increase) in inventories	24	(35,044)
Increase in trade payables	10,850	20,377
Increase in other payables and accruals	11,914	929
Increase (decrease) in contract liabilities	6,315	(948)
Cash generated from operations	44,851	22,676
Income taxes paid	(5,252)	(4,680)
NET CASH FROM OPERATING ACTIVITIES	39,599	17,996
INVESTING ACTIVITIES		
Interest received	28	178
Purchase of property, plant and equipment	(4,577)	(973)
Repayment from a director	–	220
NET CASH USED IN INVESTING ACTIVITIES	(4,549)	(575)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES		
Dividends paid	–	(20,155)
Share issue costs paid	(1,580)	–
Convertible redeemable preferred shares issue cost paid	(400)	–
Proceeds from issue of convertible redeemable preferred shares	64,103	–
Repayments of leases liabilities and related finance cost	(6,986)	(4,405)
Repayment to a director	(8,971)	–
Advance from a director	7,479	1,492
NET CASH FROM (USED IN) FINANCING ACTIVITIES	53,645	(23,068)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,695	(5,647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	37,561	43,208
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	126,256	37,561
Represented by:		
Bank balances and cash	126,256	38,525
Bank overdraft	–	(964)
	126,256	37,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 13 April 2021. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the Company's registered office and the principal place of business is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 9A, Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company acts as an investment holding company and the operating subsidiaries, as disclosed in note 34, are principally engaged in sales of consumer electronics and home appliances and lifestyle products.

The ultimate controlling shareholders of the Company are Mr. Wu Faat Chi ("**Mr. Wu**") and Ms. Tsui Ka Wing ("**Ms. Tsui**"), spouse of Mr. Wu (collectively referred as "**Controlling Shareholders**") who owned a total of 80.2% equity interests in the Company through their respective wholly-owned investment holding companies incorporated in the British Virgin Islands (the "**BVI**"), namely The Mearas Venture Limited ("**The Mearas Venture**"), which is owned by Mr. Wu, and The Wings Venture Limited ("**The Wings Venture**"), which is owned by Ms. Tsui. Upon listing of the Company's shares on the Stock Exchange (the "**Listing**") on 10 June 2022, the Controlling Shareholders own a total of 62.3% equity interests in the Company. The Controlling Shareholders are the founders of the group entities now comprising the Group and have been acting in concert on their ownerships and exercise their control collectively over the companies now comprising the Group.

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Prior to the reorganisation as described below (the "**Reorganisation**"), Yoho E-Commerce Holdings Limited ("**Yoho E-Commerce**") (formerly known as "Yoho Group Holding Limited"), a limited liability company incorporated in Hong Kong, was 80.2% owned by the Controlling Shareholders.

In preparation of the Listing, the companies comprising the Group underwent Reorganisation as described below.

(a) On 17 March 2021, Yoho Holdings (BVI) Limited ("**Yoho BVI**") was incorporated in the British Virgin Islands (the "**BVI**") with limited liability. Upon incorporation, one share was allotted and issued to Mr. Wu. Upon completion of such allotment, Yoho BVI was wholly owned by Mr. Wu.

(b) On 30 March 2021, Mr. Wu, Ms. Tsui, Biz Cloud Investments Limited ("**Beyond Ventures Vehicle**") and The Innovation and Technology Venture Fund Corporation ("**ITVFC**") transferred their respective shares in Yoho E-Commerce, representing the entire issued share capital of Yoho E-Commerce, to Yoho BVI, which was settled by way of an allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares and 24,431,707 series A preferred shares and 11,763,415 series A preferred shares to Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC, respectively, by Yoho BVI. Upon the completion of the aforesaid transfer, Yoho E-Commerce has become a wholly owned subsidiary of Yoho BVI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(c) On 13 April 2021, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of United States dollar ("**US$**") 50,000 divided into 50,000 shares of a par value of US$1.0 each. Upon incorporation, one share was allotted and issued at par to an initial subscriber, an independent third party, and was transferred to Mr. Wu on the same day.

(d) On 27 April 2021, Beyond Ventures Vehicle acquired ITVFC's 11,763,415 series A preferred shares in Yoho BVI. Upon the completion of the transfer, the Controlling Shareholders and Beyond Ventures owned as to 80.2% and 19.8% of Yoho BVI.

(e) On 20 May 2021, each issued and unissued share of US$1.0 par value in the authorised share capital of the Company was subdivided into 10,000 shares of US$0.0001 par value each. On 21 May 2021, Mr. Wu, Ms. Tsui and Beyond Ventures Vehicle transferred their respective shares in Yoho BVI to the Company, which was settled by way of allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares and a total of 36,195,122 series A preferred shares of the Company ("**Tranche One Series A Preferred Shares**") to The Mearas Venture, The Wings Venture and Beyond Ventures Vehicle by the Company. Upon the completion of the aforesaid transfer, Yoho BVI has become a wholly owned subsidiary of the Company.

Pursuant to the Reorganisation detailed above, on 21 May 2021, the Company has become the holding company of the companies now comprising the Group by interspersing the Company and Yoho BVI between the Controlling Shareholders and Yoho E-Commerce. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The consolidated financial statements have been prepared based on Hong Kong Financial Reporting Standards ("**HKFRSs**") and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 March 2022 and 2021 include the results, changes in equity and cash flows of the companies now comprising the Group, as if the Company had always been the holding company of the Group and the current group structure has been in existence throughout the years ended 31 March 2022 and 2021, or since their respective dates of the incorporation or establishment, where there is a shorter period.

The consolidated statements of financial position as at 31 March 2021 have been prepared to present the carrying amounts of the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of the incorporation or establishment, where applicable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the consolidated financial statements, the Group has consistently applied the accounting policies, which conform with HKFRSs issued by the HKICPA that are effective for the financial year beginning on 1 April 2021.

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs in issue which are not yet effective.

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. APPLICATION OF HKFRSs (CONTINUED)

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework* for *Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. APPLICATION OF HKFRSs (CONTINUED)

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period (as explained in the accounting policies below) and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rule**") and by the Hong Kong Companies Ordinance.

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

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

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

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

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

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

The principal accounting policies adopted are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Basis of consolidation

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

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

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

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

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

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

Merger accounting for business combination involving entities under common control

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Revenue from contracts with customers (Continued)

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

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

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

Foreign currencies

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

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

Borrowing costs

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

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

Government grants

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Retirement benefits costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Taxation (Continued)

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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.

The Group assesses whether a contract is or contains a lease, at inception of a contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Leases (Continued)

The Group as lessee

Right-of-use assets

The Group recognises 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 concession 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.

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

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

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

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

Lease modifications

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Leases (Continued)

The Group as lessee (Continued)

Covid-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

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

Inventories

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

Financial instruments

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling 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 FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business combinations" applies.

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial instruments (Continued)

Financial assets (Continued)

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

The Group always assesses lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables and accruals, amount due to a director and bank overdraft) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instrument

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

Embedded derivatives

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimation of the convertible redeemable preferred shares

The convertible redeemable preferred shares issued by the Company are not traded in an active market, and the respective fair value is determined by using valuation techniques performed by independent qualified professional valuer engaged by the Company. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted Black-Scholes Option Pricing Model ("**Black-Scholes**") to determine the fair value of the convertible redeemable preferred shares issued by the Company. Key inputs adopted by the independent qualified professional valuer engaged by the Company and approved by the management of the Company include discount rate and expected volatility as disclosed in note 31 to the consolidated financial statements. The fair value of the convertible redeemable preferred shares issued by the Company is HK$68,787,000 (2021: Nil) as at 31 March 2022.

Estimated allowance for inventories

The identification of aged or obsolete inventories requires the use of judgment and estimates on the conditions and marketability of the inventories. The Group makes allowance for inventories based on an assessment of the net realisable value of inventories after the consideration of the current market conditions, products life cycle, marketing and promotion plans, historical sales records, aging analysis and subsequent sales of the inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The carrying amount of inventories is HK$66,282,000 (2021: HK$66,946,000) (net of allowance of HK$1,461,000 (2021: HK$821,000)) as at 31 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Sales of products		
– Consumer electronics	193,703	138,087
– Beauty and health electronic products	117,296	91,626
– Home appliances	345,217	207,550
– Computers and peripherals	80,925	49,670
– Lifestyle products	50,115	35,693
Revenue from sales of products	787,256	522,626
Provision of advertising services	2,798	403
Total	790,054	523,029
Geographical markets:		
– Hong Kong	772,923	509,602
– The People's Republic of China (other than Hong Kong)	9,841	8,317
– Others	7,290	5,110
	790,054	523,029
Timing of revenue recognition:		
– A point in time	787,256	522,626
– Over time	2,798	403
	790,054	523,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

Performance obligations for contracts with customers

Sales of products

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

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

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

For sales of products through wholesale, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler's specific location. Transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the wholesalers. The normal credit term is generally 30 days upon delivery.

Provision of advertising services

Revenue from the provision of advertising services is recognised over time over the period of service as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the service. Revenue is recognised for the service based on the contract price. The normal credit term is generally 30 days from the date of issue of invoice.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail stores and internet sales where retail customer award points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points any time before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed by the award points holders or expired. The sales discounts is recognised and net to the revenue.

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

Contracts with customers with unsatisfied performance obligations, including customer loyalty programme, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or customer loyalty programme are not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 4. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical information of the Group's revenue based on the location of the goods delivered and services rendered is disclosed above. The Group's non-current assets are all located in Hong Kong.

Information about major customers

None of the Group's customers contributed over 10% of the Group's total revenue for both years.

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Bank interest income	28	178
Government grants (Note)	–	3,089
Sundry income	–	2
	28	3,269

Note:

During the year ended 31 March 2021, the Group recognised government grants of approximately HK$3,089,000, in respect of the Employment Support Scheme launched by the Hong Kong government.

8. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Fair value change in convertible redeemable preferred shares	(4,684)	–
Net foreign exchange gain (loss)	41	(112)
	(4,643)	(112)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**419**	236

10. INCOME TAX EXPENSE/DEFERRED TAX LIABILITIES

Income tax expense

	2022 HK$'000	2021 HK$'000
Current tax:		
– Hong Kong Profits Tax	**4,735**	5,004
Overprovision in prior years		
– Hong Kong	**(62)**	–
Deferred tax charge	**52**	–
Income tax expense	**4,725**	5,004

Hong Kong Profits Tax for both years is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Group and at 16.5% on the estimated assessable profits above HK$2,000,000. The profits of other subsidiaries not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

The Company's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK$10,000 (2021: HK$10,000) for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

	2022 HK$'000	2021 HK$'000
Profit before taxation	4,500	33,737
Tax charge at the Hong Kong Profits Tax rate of 16.5%	743	5,567
Tax effect of expenses not deductible for tax purpose	4,687	161
Tax effect of income not taxable for tax purpose	(458)	(539)
Overprovision in prior years	(62)	–
Tax concession	(20)	(20)
Tax effect on two-tiered tax rate	(165)	(165)
Income tax expense	4,725	5,004

Deferred tax liabilities

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

	Accelerated tax allowance HK$'000
At 1 April 2020 and 31 March 2021	(97)
Charge to profit or loss	(52)
At 31 March 2022	(149)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

11. (LOSS) PROFIT FOR THE YEAR

	2022 HK$'000	2021 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	250	45
Directors' remuneration (Note 12)	1,262	1,200
Other staff costs (excluding the directors' remuneration)		
– Salaries, allowances and other benefits	27,796	19,229
– Retirement benefits schemes contributions	1,199	880
Total staff costs	30,257	21,309
Depreciation of property, plant and equipment	1,526	705
Depreciation of right-of-use assets	7,349	4,881
Cost of inventories recognised as an expense (including allowance for provision of impairment loss on inventories of HK$640,000 (2021: HK$373,000))	667,306	431,967

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

For the year ended 31 March 2022

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

For the year ended 31 March 2021

Executive directors:	Mr. Wu HK$'000	Ms. Tsui HK$'000	Mr. Man HK$'000	Total HK$'000
Fee	–	–	–	–
Salaries allowances and other benefits	582	582	–	1,164
Retirement benefits scheme contributions	18	18	–	36
	600	600	–	1,200

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

(b) Five highest paid employees

The five highest paid individuals during the year included two directors (2021: two), whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three (2021: three) individuals respectively, are as follows:

	2022 HK$'000	2021 HK$'000
Salaries allowances and other benefits	2,329	1,447
Discretionary bonus (Note)	676	192
Retirement benefits scheme contributions	51	54
	3,056	1,693

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

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

	2022 number of employees	2021 number of employees
Nil to HK$1,000,000	2	3
HK$1,000,001 to HK$1,500,000	1	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

13. DIVIDENDS

During the year ended 31 March 2021, Yoho E-Commerce declared dividends of HK$20,155,000 to the then shareholders of Yoho E-Commerce.

The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of the consolidated financial statements.

Other than disclosed above, no dividend was paid or declared by the Company since its incorporation or by other group entities for both years.

14. (LOSS) EARNINGS PER SHARE

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

	2022 HK$'000	2021 HK$'000
(Loss) earnings:		
(Loss) earnings for the purpose of basic (loss) earnings per share (profit for the year attributable to owners of the Company)	(225)	28,733
Number of Shares:		
Weighted average number of shares for the purpose of basic (loss) earnings per share	182,195,122	182,195,122

There is no substantive characteristics difference between the Tranche One Series A Preferred Shares and ordinary shares, and the shareholders of Tranche One Series A Preferred Shares have identical rights to earnings and dividends as the ordinary shareholders. The Tranche One Series A Preferred Shares are included in the weighted average number of shares for the purpose of basic (loss) earnings per share.

The number of ordinary shares outstanding during both years on the assumption that the Reorganisation had been effective on 1 April 2020.

No diluted earnings per share is presented for the year ended 31 March 2021 as there was no potential ordinary share in issue.

During the year ended 31 March 2022, the Company had one category of potential ordinary shares – convertible redeemable preferred shares (as detailed in note 26). These potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office furniture and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
At 1 April 2020	2,180	221	634	3,035
Additions	612	118	243	973
At 31 March 2021	2,792	339	877	4,008
Additions	2,029	979	1,569	4,577
At 31 March 2022	**4,821**	**1,318**	**2,446**	**8,585**
DEPRECIATION				
At 1 April 2020	227	109	211	547
Provided for the year	489	62	154	705
At 31 March 2021	716	171	365	1,252
Provided for the year	875	225	426	1,526
At 31 March 2022	**1,591**	**396**	**791**	**2,778**
CARRYING VALUES				
At 31 March 2021	2,076	168	512	2,756
At 31 March 2022	**3,230**	**922**	**1,655**	**5,807**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. RIGHT-OF-USE ASSETS

	Office premises HK$'000	**Warehouses** HK$'000	**Retail stores** HK$'000	**Total** HK$'000
COST				
At 1 April 2020	1,229	1,869	13,578	16,676
Additions	3,206	6,816	–	10,022
At 31 March 2021	4,435	8,685	13,578	26,698
Additions	2,041	–	7,431	9,472
Disposals upon the maturity of the lease contracts/early termination on lease	(1,229)	(1,869)	(3,172)	(6,270)
At 31 March 2022	**5,247**	**6,816**	**17,837**	**29,900**
DEPRECIATION				
At 1 April 2020	1,076	1,402	2,547	5,025
Provided for the year	840	1,757	2,284	4,881
At 31 March 2021	1,916	3,159	4,831	9,906
Provided for the year	1,574	2,211	3,564	7,349
Eliminated on disposals upon the maturity of the lease contracts/early termination on lease	(1,229)	(1,869)	(2,695)	(5,793)
At 31 March 2022	**2,261**	**3,501**	**5,700**	**11,462**
CARRYING VALUES				
At 31 March 2021	2,519	5,526	8,747	16,792
At 31 March 2022	**2,986**	**3,315**	**12,137**	**18,438**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. RIGHT-OF-USE ASSETS (CONTINUED)

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

During the year ended 31 March 2022, total cash outflows for the leases of the Group were HK$6,986,000 (2021: HK$4,405,000).

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

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$124,000 (2021: HK$Nil) were recognised as negative variable lease payments.

Restrictions or covenants on leases

In addition, lease liabilities of HK$20,305,000 (2021: HK$18,105,000) are recognised with related right-of-use assets of HK$18,438,000 (2021: HK$16,792,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

17. INVENTORIES

	2022 HK$'000	2021 HK$'000
Consumer electronics and home appliances and lifestyle products	**66,282**	66,946

18. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**7,701**	5,975

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$3,859,000.

The Group generally grants credit terms of 30 days to its wholesale customers from the date of invoices. Sales made through retail stores or internet are settled by cash or credit cards through payment gateways, which will generally settle the amounts with the Group within 2 days after the sales made. An ageing analysis of the trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Within 30 days	**6,688**	4,634
31 to 60 days	**402**	840
61 to 90 days	**419**	251
Over 90 days	**192**	250
	7,701	5,975

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

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$2,022,000 (2021: HK$1,436,000), which are past due as at the reporting date. Out of the past due balances as at 31 March 2022, HK$192,000 (2021: Nil) has been past due 90 days or more and is not considered as in default since the management of the Group are of the opinion that the balances are still considered recoverable due to historical experience. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 HK$'000	2021 HK$'000
Rental and utilities deposits	2,543	1,249
Prepayments and deposits to suppliers	4,431	6,417
Prepaid issue costs	488	–
Deferred issue costs	2,532	–
Deposit paid for acquisition of property, plant and equipment	1,153	–
Other receivables, deposits and prepayments	4,656	3,597
Total	15,803	11,263
Presented as non-current assets	4,309	2,401
Presented as current assets	11,494	8,862
Total	15,803	11,263

Included in other receivables were amounts of HK$1,282,000 (2021: HK$1,657,000) represented amounts received from customers in advance by payment gateway companies, for which control of the relevant goods has not been transferred.

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

20. AMOUNT DUE TO A DIRECTOR

	2022 HK$'000	2021 HK$'000
Mr. Wu	–	1,492

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

21. BANK BALANCES AND CASH/BANK OVERDRAFT

Bank balances

Bank balances carry variable interest at market rates of 0.01% (2021: 0.01%) per annum as at 31 March 2022.

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

Bank overdraft

As at 31 March 2021, unsecured bank overdraft which denominated in HK$ and carried interest at market rates which was 4%. The entire balance was subsequently settled after 31 March 2021.

22. TRADE PAYABLES

The credit period granted by suppliers ranged from 0 to 30 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of each reporting period is as follows:

	2022 **HK$'000**	2021 HK$'000
Within 30 days	**31,935**	25,573
31 to 60 days	**2,681**	1,327
61 to 90 days	**1,193**	25
Over 90 days	**2,285**	319
	38,094	27,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

23. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Other payables and accruals	6,585	2,913
Salaries payables	2,464	1,748
Accrued listing expenses	7,746	–
Accrued issue costs	952	–
Total	17,747	4,661
Presented as current liabilities	17,657	4,661
Presented as non-current liabilities	90	–
Total	17,747	4,661

24. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Advances received in relation to the sales of electronic appliances	11,950	7,446
Customer loyalty programme	3,022	1,211
	14,972	8,657

As at 1 April 2020, the contract liabilities amounted to HK$9,605,000.

For the contract liabilities as at 1 April 2020, 31 March 2021, the entire balances were recognised as revenue during the years ended 31 March 2021 and 2022, respectively.

Advances received in relation to the sales of electronic appliances

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

24. CONTRACT LIABILITIES (CONTINUED)

Customer loyalty programme

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

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

25. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable		
Within one year	**7,584**	5,394
More than one year, but not more than two years	**6,059**	5,706
More than two years, but not more than five years	**6,662**	7,005
	20,305	18,105
Less: Amount due for settlement with 12 months shown under current liabilities	**(7,584)**	(5,394)
Amount due for settlement after 12 months shown under non-current liabilities	**12,721**	12,711

The weighted average incremental borrowing rates applied to lease liabilities is 1.84% (2021: 1.57%) as at 31 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

26. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On 20 May 2021, certain independent third parties and Mr. Adamczyk, one of the Group's non-executive director (collectively referred as the "**2021 Pre-IPO New Shares Investors**"), the Company, Mr. Wu and Ms. Tsui entered into a subscription agreement, pursuant to which the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 series A preferred shares of the Company ("**Tranche Two Series A Preferred Shares**") at a total consideration of US$8,250,000 (equivalent to HK$64,103,000). Tranche Two Series A Preferred Shares enjoyed all the rights entitled to Tranche One Series A Preferred Shares as set out in note 27.

In addition, the Tranche Two Series A Preferred Shares held by the 2021 Pre-IPO New Shares Investors contain put option right (such right survives after the submission of the application for the Listing but can only be exercised if a qualified initial public offerings ("**QIPO**") does not take place within the prescribed period of time or the occurrence of any liquidation, dissolution or winding up of the Company, a merger, acquisition, change of control, consolidation, amalgamation or other transaction or series of transactions in which the Company's shareholders prior to such transaction or transactions shall not retain a majority of the voting power of the surviving entity, or a sale, lease, licence or other transfer of all or substantially all the Company's assets), which is not granted to holders of the Tranche One Series A Preferred Shares. The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at FVTPL with the changes in the fair value recorded in the consolidated statement of profit or loss and other comprehensive income.

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

	HK$'000
At 1 April 2020 and 2021	–
Issued during the year	64,103
Fair value change	4,684
At 31 March 2022	**68,787**

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

On 10 June 2022, the Tranche Two Series A Preferred Shares was converted into 15,031,101 ordinary shares of the Company. For details, please refer to note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

27. SHARE CAPITAL

The share capital of the Group as at 1 April 2020 represented the share capital of Yoho E-Commerce; and that as at 31 March 2021 represented the share capital of Yoho BVI, while certain share capital in the form of series A preferred shares afforded the holders special rights.

Details of the series A preferred shares of Yoho E-Commerce and Yoho BVI are disclosed as follows:

	Yoho E-Commerce		**Yoho BVI**	
	Number of shares	HK$'000	Number of shares	HK$'000
At 1 April 2020	36,195,122	40,000	–	–
Issuance of series A preferred shares of Yoho BVI (Note 2(b))	(36,195,122)	(40,000)	36,195,122	40,000
At 31 March 2021	**–**	**–**	**36,195,122**	**40,000**
Issuance of Tranche One Series A Preferred Shares (Note 2(e))	**–**	**–**	**(36,195,122)**	**(40,000)**
As at 31 March 2022	**–**	**–**	**–**	**–**

The holders of series A preferred shares of Yoho E-Commerce and Yoho BVI shall be entitled to participate pro rata in any dividends declared or paid on the ordinary shares and in any other distribution of surplus assets of Yoho E-Commerce and Yoho BVI, respectively, on an as-if converted basis.

The series A preferred shares of Yoho E-Commerce and Yoho BVI shall be converted into ordinary shares of Yoho E-Commerce and Yoho BVI, respectively, at the conversion rate of one ordinary share for each series A preferred share upon request by the holders of the series A preferred shares.

In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho E-Commerce and Yoho BVI, the holder of the series A preferred shares of Yoho E-Commerce and Yoho BVI, respectively, shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho E-Commerce and Yoho BVI, respectively, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho E-Commerce and Yoho BVI enjoyed the same voting rights of a holder of the ordinary shares of Yoho E-Commerce and Yoho BVI, respectively.

The share capital of the Group as at 31 March 2022 represented the share capital of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

27. SHARE CAPITAL (CONTINUED)

Authorised:

	Number of shares	Nominal value of ordinary shares US$'000
At 13 April 2021 (date of incorporation)	50,000	50
Share subdivision	499,950,000	–
At 31 March 2022	**500,000,000**	**50**

On 20 May 2021, each issued and unissued share of US$1.0 par value in the authorised share capital of the Company was subdivided into 10,000 shares of US$0.0001 par value each.

Issued:

	Number of ordinary shares	Number of Tranche One Series A Preferred Shares	Equivalent nominal value of ordinary shares US$'000	Equivalent nominal value of ordinary shares HK$'000
At 13 April 2021 (date of incorporation)	1	–	–	–
Issuance of ordinary shares to The Mearas Venture (Note 2(e))	74,459,999	–	7	58
Issuance of ordinary shares to The Wings Venture (Note 2(e))	71,540,000	–	7	56
Issuance of Tranche One Series A Preferred Shares (Note 2(e))	–	36,195,122	4	28
At 31 March 2022	**146,000,000**	**36,195,122**	**18**	**142**

The Tranche One Series A Preferred Shares shall be converted into ordinary shares at the option of holders at any time, or upon the consummation of a QIPO, all the Tranche One Series A Preferred Shares shall automatically be converted into ordinary shares of the Company in accordance with conversion rate of one ordinary share of the Company for each Tranche One Series A Preferred Share held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. SHARE CAPITAL (CONTINUED)

Issued: (Continued)

The holders of Tranche One Series A Preferred Shares shall be entitled to participate pro rata in any dividends declared or paid on the ordinary shares and in any other distribution of surplus assets of the Company on an as-if converted basis.

The Tranche One Series A Preferred Shares also carry certain special rights including but not limited to director nomination right, right of first offer, tag-along right were granted by the Company to the holders of the Tranche One Series A Preferred Shares.

In the event of a deemed liquidation event or any liquidation, dissolution or winding up of the Company, the holder of the Tranche One Series A Preferred Shares shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares, an amount per share equal to HK$1.0 (irrespective of the original purchase price paid for such Tranche One Series A Preferred Shares by the respective holder thereof), together with any declared but unpaid dividends. The holder of Tranche One Series A Preferred Shares enjoys the same voting rights of a holder of the ordinary shares of the Company.

The Tranche One Series A Preferred Shares were classified as equity instrument since the Tranche One Series A Preferred Shares were non-redeemable and the distribution to holders of the Tranche One Series A Preferred Shares are at the discretion of the Company which contain no contractual obligation to deliver cash or other financial asset or to deliver a variable number of its own equity instruments.

On 10 June 2022, the Tranche One Series A Preferred Shares was converted into 36,195,122 ordinary shares. For details, please refer to note 35.

28. RELATED PARTY DISCLOSURES

	2022 HK$'000	2021 HK$'000
Sales to Mr. Wu	26	5
Sales to Ms. Tsui	11	28
	37	33

As disclosed above and the transactions and balances as disclosed in notes 12 and 20, the Group did not have any other related party transactions for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

28. RELATED PARTY DISCLOSURES (CONTINUED)

Compensation of key management personnel

The remuneration of key management was as follows:

	2022 HK$'000	2021 HK$'000
Short-term benefits	3,534	4,280
Post-employment benefits	69	154
	3,603	4,434

29. RETIREMENT BENEFIT SCHEMES

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

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

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the year, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the scheme by the Group at rates specified in the rules of the scheme. The retirement benefits scheme contributions made by the Group amounted to HK$1,235,000 (2021: HK$916,000) for the years ended 31 March 2022.

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank overdraft, amount due to a director, convertible redeemable preferred shares and lease liabilities disclosed in notes 21, 20, 26 and 25, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 HK$'000	2021 HK$'000
The Group		
Financial assets		
Amortised cost	**141,018**	49,346
Financial liabilities		
Amortised cost	**44,679**	32,613
Financial liabilities at FVTPL	**68,787**	–

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, bank balances and cash, trade payables, other payables and accruals and amount due to a director, convertible redeemable preferred shares, bank overdraft and lease liabilities.

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

Currency risk

The Group has foreign currency purchases of inventories, which expose the Group to foreign currency risk. Approximately 6.9% (2021: 15.2%) of the Group's purchase of inventories are denominated in currencies other than the functional currency of the group entities during the years ended 31 March 2022.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Currency risk (Continued)

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

	2022 HK$'000	2021 HK$'000
Assets		
Japanese Yen ("**JPY**")	28	32
USD	6	12
Liabilities		
JPY	12	974
USD	290	27

Sensitivity analysis

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

Interest rate risk

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

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

The Group currently does not have interest rate risk hedging policy. However, management of the Group closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of each reporting period does not reflect the exposure during the year.

No sensitivity analysis is provided on bank balances and bank overdraft as the Group's management considers that the interest rate fluctuation on bank balances and bank overdraft is minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables and deposits and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimise the credit risk on trade receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable.

The Group applies simplified approach and always recognises lifetime ECL for trade receivables. To measure the ECL, the Group performs impairment assessment under the ECL model on trade receivables individually.

The Group applied internal credit rating for its individually assessed debtors, by reference to the debtor's background, past default experience and current past due exposure of the debtor. As at 31 March 2022 and 2021, the Group assessed that the ECL for trade receivables was insignificant.

The Group's concentration of credit risk on the top five largest debtors accounted for 20% (2021: 15%) of the total trade receivables as at 31 March 2022.

Other receivables and deposits

The management of the Group make periodic individual assessment on the recoverability of significant balances based on historical settlement records (if any), past experience, and also available reasonable and supportive forward-looking information. The management of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits due to the major outstanding balances are short-term in nature. As at 31 March 2022 and 2021, the Group assessed that the ECL for other receivables and deposits was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

The credit risk for bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no history of default in relation to these banks.

The Group performs impairment assessment on the bank balances under 12-month ECL model. The management of the Group considers the risk of default is regard as low based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As at 31 March 2022 and 2021, the Group assessed that the ECL for bank balances were insignificant.

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts As at 31 March 2022 HK$'000	2021 HK$'000
The Group						
Amortised cost						
Trade receivables	18	N/A	Low risk	Lifetime ECL	6,306	5,135
			Watch list	Lifetime ECL	1,395	840
Other receivables and deposits	19	N/A	Low risk	12-month ECL	7,061	4,846
Bank balances	21	A2 – Aa2	N/A	12-month ECL	126,094	38,243

Liquidity risk

In management of the liquidity risk, the Group monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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

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For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2022							
Non-derivative financial liabilities							
Trade payables	N/A	–	38,094	–	–	38,094	38,094
Other payables and accruals	N/A	–	6,585	–	–	6,585	6,585
		–	44,679	–	–	44,679	44,679
Lease liabilities	1.91	–	2,035	6,364	13,014	21,413	20,305
Derivative financial liabilities							
Convertible redeemable preferred shares	5%	–	72,157	–	–	72,157	68,787
As at 31 March 2021							
Non-derivative financial liabilities							
Trade payables	N/A	–	27,244	–	–	27,244	27,244
Other payables and accruals	N/A	–	2,913	–	–	2,913	2,913
Amount due to a director	N/A	1,492	–	–	–	1,492	1,492
Bank overdraft	4.0	–	964	–	–	964	964
		1,492	31,121	–	–	32,613	32,613
Lease liabilities	1.57	–	2,803	3,281	12,938	19,022	18,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	Fair value As at 31 March		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2022 HK$'000	2021 HK$'000			
Convertible redeemable preferred shares	**68,787**	–	Level 3	Black-Scholes and discounted cash flow method	Expected volatility of 55% (Note a) Discount rate of 16% (Note b)

Notes:

(a) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the convertible redeemable preferred shares, and vice versa. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the convertible redeemable preferred shares by HK$103,000. A 5% decrease in the expected volatility holding all other variables constant would decrease the carrying amount of the convertible redeemable preferred shares by HK$103,000.

(b) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the convertible redeemable preferred shares, and vice versa. A 5% increase in the discount rate holding all other variables constant would decrease the carrying amount of the convertible redeemable preferred shares by HK$4,191,000. A 5% decrease in the discount rate holding all other variables constant would increase the carrying amount of the convertible redeemable preferred shares by HK$4,802,000.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

32. MOVEMENT ON GROUP'S LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividends payable HK$'000	Non-trade amount due to a director HK$'000	Lease liabilities HK$'000	Convertible redeemable preferred shares HK$'000	Accrued issue costs HK$'000	Total HK$'000
As at 1 April 2020	–	–	12,252	–	–	12,252
Financing cash flows (Note)	(20,155)	1,492	(4,405)	–	–	(23,068)
Finance costs	–	–	236	–	–	236
Commencement of new leases	–	–	10,022	–	–	10,022
Dividends declared	20,155	–	–	–	–	20,155
At 31 March 2021	**–**	**1,492**	**18,105**	**–**	**–**	**19,597**
Financing cash flows (Note)	**–**	**(1,492)**	**(6,986)**	**63,703**	**(1,580)**	**53,645**
Finance costs	**–**	**–**	**419**	**–**	**–**	**419**
Commencement of new leases	**–**	**–**	**9,252**	**–**	**–**	**9,252**
Transaction cost attributable to issue of convertible redeemable preferred shares	**–**	**–**	**–**	**400**	**–**	**400**
Fair Value change in convertible redeemable preferred shares	**–**	**–**	**–**	**4,684**	**–**	**4,684**
Share issue costs accrued	**–**	**–**	**–**	**–**	**2,532**	**2,532**
Early termination on lease	**–**	**–**	**(485)**	**–**	**–**	**(485)**
At 31 March 2022	**–**	**–**	**20,305**	**68,787**	**952**	**90,044**

Note: The financing cash flows represented the repayments of lease liabilities, advance from/repayment to a director, share issue costs paid, proceeds from issue of convertible redeemable preferred shares, issue costs paid for convertible redeemable preferred shares, payment of finance costs and dividends paid.

During the year ended 31 March 2022, the Group entered into new lease agreement for the use of office premises, warehouses and retail stores for 3 to 5 years. On the lease commencement, the Group recognised HK$9,472,000 (2021: HK$10,022,000) of right-of-use assets and HK$9,252,000 (2021: HK$10,022,000) as the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2022 HK$'000
Non-current asset	
Investment in a subsidiary	75,955
Current assets	
Prepayments	3,020
Amount due from a subsidiary	47,677
	50,697
Current liabilities	
Accrued expenses	8,698
Convertible redeemable preferred shares	68,787
	77,485
Net current liabilities	(26,788)
Net assets	49,167
Capital and reserves	
Share capital	142
Reserves	49,025
	49,167

Reserves

	Other reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
At 13 April 2021 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(26,788)	(26,788)
Transfer upon reorganisation	75,813	–	75,813
At 31 March 2022	**75,813**	**(26,788)**	**49,025**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

34. INVESTMENT IN A SUBSIDIARY AND PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Place and Date of incorporation	Principal place of operation	Issued and fully paid share capital/registered capital	Equity interest attributable to the Group as at 31 March 2022 %	2021 %	Principal activities
Yoho BVI	BVI 17 March 2021	Hong Kong	Ordinary shares: 146,000,000 Series A preferred shares: 36,195,122	100	100	Investment holding
Yoho E-Commerce	Hong Kong 3 October 2018	Hong Kong	Ordinary shares: 182,195,122	100	100	Investment holding
Yoho Hong Kong Limited	Hong Kong 20 February 2014	Hong Kong	10,000	100	100	Provision of both online and offline Hong Kong e-commerce retail services
Globiz Company (Hong Kong) Limited	Hong Kong 6 August 2008	Hong Kong	10,000	100	100	Offline wholesale and trading of consumer electronics and home appliances

Except for Yoho BVI which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at 31 March 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

35. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the consolidated financial statements, subsequent events of the Group are detailed as below.

(a) On 20 May 2022, the Company adopted a share option scheme, the principal terms of which are set out in the subsection headed "D. Share Option Scheme" in Appendix IV to the Prospectus issued by the Company dated 26 May 2022 (the "**Prospectus**");

(b) Pursuant to the written resolutions of the shareholders of the Company passed on 20 May 2022, it was resolved, among other things, that:

- the Company's authorised share capital was increased from US$50,000 divided into 448,773,777 shares with a par value of US$0.0001 each and 51,226,223 series A preferred shares with a par value of US$0.0001 each to US$200,000 divided into 1,948,773,777 shares with a par value of US$0.0001 each and 51,226,223 series A preferred shares with a par value of US$0.0001 each by the creation of 1,500,000,000 shares;

- conditional upon the fulfilment or waiver of the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" in the Prospectus and subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of the new shares under the Global Offering (as defined in the Prospectus), the directors were authorised to allot and issue a total of 247,773,777 shares credited as fully paid at par to the shareholders and holders of series A preferred shares whose names appear on the register of members of the Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue (as defined in the Prospectus) in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company (assuming that all series A preferred shares having been converted into ordinary shares on an one-to-one basis), each ranking pari passu in all respects with the then existing issued shares, by way of capitalisation of an amount of US$24,777.3777 standing to the credit of the share premium account of the Company; and

- conditional upon completion of the Global Offering, each of the series A preferred shares of the Company be converted into ordinary shares on an one-to-one basis by the re-designation and re-classification thereof into ordinary shares, such that the authorised share capital of the Company is US$200,000 divided into 2,000,000,000 shares of US$0.0001 each.

(c) Following the successful listing of the shares of the Company on Main Board of the Stock Exchange on 10 June 2022, the Company has completed the followings:

- Conversion of (i) 36,195,122 Tranche One Series A Preferred Shares; and (ii) 15,031,101 Tranche Two Series A Preferred Shares into 51,226,223 ordinary shares of the Company.

- Capitalisation Issue of 247,773,777 ordinary shares of US$0.0001 each.

- Issuance of 55,000,000 new shares of US$0.0001 each issued at a price of HK$2.10 per share for the Global Offering.

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 March			
	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**790,054**	523,029	259,953	135,422
Profit before income tax	**4,500**	33,737	21,606	14,616
Income tax expense	**(4,725)**	(5,004)	(3,282)	(2,344)
(Loss) profit for the year	**(225)**	28,733	18,324	12,272

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March			
	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Total non-current assets	**28,554**	21,949	15,090	3,693
Total current assets	**211,733**	120,308	89,598	33,222
Total assets	**240,287**	142,257	104,688	36,915
Liabilities				
Total current liabilities	**148,581**	50,478	24,454	10,618
Total non-current liabilities	**12,960**	12,808	9,841	705
Total liabilities	**161,541**	63,286	34,295	11,323
Net assets	**78,746**	78,971	70,393	25,592
Equity	**78,746**	78,971	70,393	25,592