澳至尊
AUSupreme

ANNUAL REPORT 2021-2022

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

(Incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 2031.HK

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ms. Tang Wing Shan

AUTHORISED REPRESENTATIVES

Mr. Choy Chi Fai
Ms. Tang Wing Shan

INDEPENDENT AUDITOR

Asian Alliance (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
8/F., Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

SOLICITOR

Michael Li & Co.

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

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

COMPANY WEBSITE

www.ausupreme.com

AUSupreme Website

AUSupreme TMALL.HK

AUSupreme WeChat

AUSupreme facebook

澳至尊
AUSupreme
SAMMI
ORGANIC NATURE
SUPER EYE CARE
10000 (EXTRA STRENGTH)
• Contains Bilberry 10g (10000mg) & Lutein 6mg per capsule
• Supports eye retina health
• Maintains healthy eye function
• Helps maintain visual acuity in poor light
30 Capsules
澳至尊
AUSupreme
Super Joint
Glucosamine & Chondroitin
EXTRA STRENGTH
1500 Max
• Relieves joint discomfort
• Helps promote joint flexibility
• Delays the degeneration of joints
• Supports healthy joint function
Net. 60 Tablets
SGS
SGS
此產品按客戶要求經SGS測試 請掃碼查閱!
Product has been tested by SGS as per client's request
Scan for more!
Heavy metals tested by SGS
香港卓越名牌
HONG KONG PREMIER BRAND
GOOD MANUFACTURING PRACTICE
GMP
CURRENT GOOD MANUFACTURING PRACTICE
cGMP
AUSTRALIAN MADE

Glossary

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

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

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

Glossary

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

"Year" or "year under review"	the year ended 31 March 2022
"Year 2021"	the year ended 31 March 2021
"%"	percent

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

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

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

◀ Members of the Board

Vision

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

Mission

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

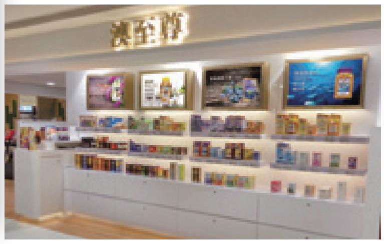
Justice : We create an operating environment with justice and fairness. All of our staff monitor and guide each other in order to create a reasonable corporate system.

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

Sales Channels

Offline Sales – Specialty Stores, Consignment Counters and Experience Store

With outstanding quality, professional service and caring corporate culture, the Group has successfully laid a solid foundation for its development in Hong Kong. As at 31 March 2022, the Group had 18 specialty stores and 64 consignment counters in Hong Kong, Macau and Singapore, we also established a cross-border e-commerce experience store in Shenzhen and successively established subsidiaries in Mainland China, Macau and Singapore. In the future, Ausupreme will continue to expand its overseas and domestic markets and strive to become a well-known health supplement brand in Asia.



Online Sales – E-commerce Platforms

Ausupreme adopted more diverse marketing strategies and took greater leap in the development of domestic and cross-border e-commerce in recent years. With the continuous impact of the COVID-19 pandemic, Ausupreme has accelerated the boost of e-commerce sales by launching the new Ausupreme official website and the tailor-made Ausupreme app, keeping pace with trend and let customer enjoying the new and convenient online shopping experience. In order to enhance the interaction and communication with customer, a promotional software "Omnichat" is applied for easy and direct contact with customer as well as instant push of discount.

In addition to deepening cooperation with well-known online shopping platforms around the world, Ausupreme has also added a dynamic and interactive mode of communication - live-streaming in recent years. The cooperative e-commerce platforms have continued to expand which include: HKTVmall, Big Big Shop, AlipayHK eShop, Neigbuy, Tmall.HK, Lionmart, HK Mall, Japan Home Centre, Hong Thai Travel, Wing On Travel and HKBN in Hong Kong; Tmall.com, JD.com, Pinduoduo.com, Kaola.com, VIP.com, xiaohongshu.com, Douyin.com and Youzan.com in Mainland China; and some of the largest online shopping platforms in Southeast Asia such as Lazada, Foodpanda and Shopee. These increase our brand's market penetration rate rapidly.

Sparing no effort in contributing to the society together

Adhering to its people-oriented philosophy, the Ausupreme Group has committed to fulfilling its social responsibilities over the years. Leveraging its extensive resources and network, the Ausupreme Group has been working with various sectors to actively give back to the society in different ways, striving to create a better Hong Kong.

Supporting anti-drug campaigns to spread positive energy

On their growth paths, teenagers face many challenges and temptations. Drug abuse not only destroys personal health, but also endangers the lives and personal safety of others, causing serious social problems.

Ausupreme has been firmly supporting anti-drug campaigns, aiming at creating a healthy living environment for the community with concerted efforts in various sectors to protect the society, thereby making Hong Kong a drug-free city! This year, Mr. Choy Chi Fai (“**Mr. Choy**”), the chairman and founder of Ausupreme, received the letter of appointment as the Chief President of the Leadership Institute on Narcotics from Siu Chak-yee, the Commissioner of Police, taking up the important mission of nurturing anti-drug leaders to promote the message of "Say No to Drugs", thereby protecting teenagers and the society, as well as spreading positive energy.

In May this year, Chairman - Mr. Choy and Vice Chariman - Ms. Choy Ho Ka Man (“**Mrs. Choy**”), our two founders, joined the outdoor training programme of visiting Dawn Island organised by the Institute, in which they accompanied the students on life education, island tours, and exhibit visits to deeply experience the life and spiritual journey of evangelical drug rehabilitation.

Caring for students and nurturing the future pillars

Ausupreme has always valued and supported the education sector in Hong Kong, with an aim of nurturing local talents by actively maintaining close cooperation with the education sector to provide the future pillars with opportunities to share knowledge and grow.

Over the past year, we continued to support the “Future Stars - Upward Mobility Scholarship” programme launched by the Commission on Poverty to help students with financial difficulties to strive for advancement,







so that they can receive better education and contribute to the society in the future. At the beginning of the year, Mr. Choy, the chairman of the Group, was also awarded a signed Certificate of Appreciation issued by the then Chief Secretary for Administration Mr. Lee Ka-chiu.

From May to June 2022, Mr. Choy and Mrs. Choy were successively invited to visit a number of schools, including Carmel Alison Lam Foundation Secondary School, Gertrude Simon Lutheran College, and C.C.W.F.LTD. Kindergarten, in the capacities of host guests or guest speakers for the graduation ceremony, sending encouragement and blessings to students, parents and staff.

In December 2021, Mr. Choy attended the "Supreme Road – Positive Life Sharing Session" at Yan Chai Hospital Tung Chi Ying Memorial Secondary School to share his positive attitude towards life and to inspire students.

In November 2021, Mr. Choy was invited to be a guest speaker for the seminar of "Philosophy of Materialism" at The University of Hong Kong to share the wisdom gained from sports and business operation as well as the life lessons learnt with hundreds of teachers and students from the Business School of The University of Hong Kong and the Guanghua School of Management of Peking University. Meanwhile, he served as a member of the Organisational Committee under the "YEAP" programme organised by the Hong Kong Professionals and Senior Executives Association to contribute to the development of youth education.

In July 2021, Mr. Choy participated in the "Dialogue with Leaders" programme organised by Carmel Alison Lam Foundation Secondary School, leading a group of students majoring in economics and business accounting and financial studies to visit Ausupreme specialty stores, so as to understand the operation of the retail industry, thereby broadening students' horizons on the industry.

In May 2021, Mr. Choy was invited by ELCHK Lutheran Academy to be a guest speaker for a series of career planning seminars on the theme of "Charismatic Leadership", in which he exchanged opinions with more than 100 students and parents and received overwhelming response.


澳至尊
AUSupreme
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AUSupreme
溶脂瘦身の菌
SLIMMING BIOTIC
日本製
250億特強瘦身菌添加益生元
脂肪燃燒・FAT BURN
カロリー
燃燒熱量
全程馬拉松
x3.6次*
乳酸味
1.5g x 40包入り
食生活は、主食、主菜、副菜を基本に、食事のバランスを
澳至尊
AUSupreme
溶脂瘦身の菌
SLIMMING BIOTIC
250億
日本製
SAMMI
fat
SGS
此產品按客戶
要求經SGS測試
請掃碼查閱!
Product has been
tested by SGS as per
client's request
Scan for more!
Passed the SGS western drug
adulteration test
LEARN MORE
MADE IN JAPAN

Sharing wealth management and entrepreneurial experience

In December 2021, Mr. Choy attended the evangelistic meeting for parents held by Kau Yan Church and Kau Yan School in Sai Wan under the theme of “Attitudes Towards Money and Wealth Management and Investment” to share his attitudes towards wealth management and religion.
In November 2021, Mrs. Choy was invited to be the leader guest speaker of the Supervisor Training on Senior Management Programme’s “Leader Forum” organised by the Training Academy (HK) of China Life (Overseas) to share her entrepreneurial journey with industry elites.
In October 2021, Mr. Choy held the “Supreme Road — From a Boy Living in a Public Housing Estate to the Chairman of a Listed Group” during the 36th Christian Book Fair to share his entrepreneurial insights and journey of self-improvement in adversity with book lovers.

Gospel and good medicine for workplace

At the beginning of the year, Mr. Choy and Mrs. Choy were invited by the Sydney Christian Short-Term Mission Training Centre and the Business Evangelism Salt & Light Mission in Australia, with the support from the Media Evangelism, the Tien Dao Publishing House, the Worldwide Bible Society and the Chineses Christian Herald Crusades, to be the guest speakers for the online career talks held for people in various regions such as Australia, China, Canada, the United States, the United Kingdom, Jamaica, Singapore and Malaysia to share their experience and insights, with an aim of encouraging Chinese believers around the world to try their best in performing duties and practicing their faith at workplace, demonstrating a good testimony of life.
Last December, Mr. Choy was interviewed by Hour of Power HK 2021 for the "Hope Upon Hong Kong" programme and shared how he turned his difficulties into blessings as a businessman in the face of various challenges of faith.

Keeping faith and giving back to the society

In the recent two years, Hong Kong has experienced a lot of difficulties and severe situations and the ongoing COVID-19 pandemic has caused panic in the community and led to the recession. Ausupreme has been adhering to its original aspiration by persisting on caring for the community and its employees, valuing its partners and customers, and going through ups and downs with Hong Kong citizens.
By actively adopting various measures, Ausupreme has made its best endeavors to safeguard the employment of its employees and to protect their physical and mental health. Under the fifth wave of the pandemic, Ausupreme proactively distributed rapid antigen test kit for COVID-19 and Lianhua Qingwen Jiaonang to its employees, and installed air purifiers designed for COVID-19 in its specialty stores and office premises to provide employees with a safe and fearless work environment as well as to reduce the chance of virus spreading in the community.
Under the pandemic, Ausupreme has also cooperated with a number of charitable organisations and educational institutions, including but not limited to Po Leung Kuk, Media Evangelism, Sobem Hong Kong, Love Family Charity Limited, Swatow Christian Church Kowloon City, and Baptist Lui Ming Choi Primary School, to donate anti-pandemic supplies, health supplements and charity funds to care for the needy.

Awards and Recognitions

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

Australian Made and Owned Logo

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

International Good Manufacturing Practice (GMP)

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

Safety tests of main heavy metals

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

Quality Tourism Services

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

Hong Kong Premier Brand Awards

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

Listed Company Awards of Excellence

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

Super Manpower Developer Award

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

ListCo Excellence Awards

Jointly organised by am730, PR Asia and Roadshow, the “ListCo Excellence Awards” are presented to the listed companies with market value, industry position and results recognised by the capital market.

HSBC Living Business Sustainable Supply Chain Leader

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

Hong Kong Star Brand Award

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

PRO Choice

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

Asia Excellence Brand Award

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

Consumers’ Most Favorable Hong Kong Brands

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

GBA Outstanding Women Entrepreneur Awards

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

Hong Kong Top Ten E-Commerce Award

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

Parents’ Favorite (Mother and Infant) Supplement Brand

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

Caring Company

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

Family-friendly Good Employer

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

SportsHour Company

Founded and launched by InspiringHK Sports Foundation, to commend AUSpreme for fostering a healthy and energetic working environment, encouraging employees and their families to participate in sports activities and promoting healthy living for people.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board, I would like to present the annual report on the results of Ausupreme International Holdings Limited and its subsidiaries for the financial year ended 31 March 2022.

The pandemic has posed adverse effect to the globe for more than two and a half years. Stringent border control measures and social distancing restrictions have severely affected the whole retail industry abroad and locally. The more infectious Omicron variant of the virus attacked Hong Kong in the first quarter of 2022 stirring up the strongest disturbance to all walks of life in the city since the pandemic started. Many people got infected in a short period of time. Pedestrian flow and consumer sentiment had been seriously affected by the fifth wave of the pandemic. During these challenging times, the Group is determined to adopt flexible business strategies to cope with the "retail winter" including optimising sales channels and marketing strategies. With stable operation of the Group and solid financial base, the Board has proposed a final dividend of HK$0.01 per Share in cash for the Year in appreciation of continuous support of the Shareholders.

The Group has put strong emphasis on the development of the prosperous e-commerce market as online shopping being the new norm. The launch of a new official website design of the Group in the Year has optimised the entire online purchase experience from a click of a finger to quality products delivered at the doorsteps of the customers. Cross-border e-commerce focused not only on major e-commerce platforms but also on various social platforms with strategic livestreaming to promote sales, enhance brand awareness and foster market penetration. In addition, the Group has seized new business opportunities with various partners and it is expected innovative business plans will be launched to further expand the business of the Group.

No matter navigating headwinds or tailwinds, the Group has never forgotten one of the Group's core values of contributing and caring the society. During the epidemic, the Group has donated various anti-pandemic supplies, health supplements and charity funds to support the needy. Meanwhile, nurturing the future pillars, our younger generation, with love and positive impact has been a mission to the Group. The Group has supported scholarships to help students to strive for excellence and achieve their goals. The Group has also supported an anti-drug program in schools which educates students about the adverse consequence of drug-abuse with an aim at attaining a drug-free and healthy society.

In the short run, the Group expects business environment will still be volatile with the on-going pandemic, geopolitical tensions and interest rate hike. Nevertheless, the launch of the consumption voucher scheme and new policies from the new government of Hong Kong will pose favourable elements to the retail industry. In particular, public has become more conscious of health issues during the epidemic and the health supplement industry will keep on flourishing. The Group will continue to capture the rising tide of this booming industry by focusing on quality health products development, supreme brand building, market penetration and new business opportunities to provide sustainable growth of the Group in the long term.

On behalf of the Board, I would like to express my sincere gratitude to the Shareholders, customers and business partners for their continuing support to the Group, and to extend my deep appreciation to all staff for their commitment and contributions.

Choy Chi Fai
Chairman

Hong Kong, 27 June 2022

Management Discussion and Analysis

BUSINESS REVIEW

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

Market Overview

In the midst of lingering COVID-19 pandemic and the rising global inflation, the recovery of the global economy has still been hindered during the Year.

Locally, in the first quarter of year 2022, the fifth wave of the COVID-19 pandemic in the city was induced by a surge in infections of the Omicron variant. The fifth wave of the COVID-19 pandemic with prolonged anti-pandemic restrictions and strict border control measures have reduced the foot traffic and consumer spending substantially and posed an adverse impact on overall retail market in Hong Kong. According to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded a slight growth of 4.0% for the Year. However, the overall retail sales in Hong Kong during the first quarter of year 2022 were sluggish with a decline of 7.6% as compared to that of the same period of last year.

Overall Performance

For the year ended 31 March 2022, the Group's revenue amounted to HK$128,726,000, representing an increase of 25.1% from HK$102,907,000 for Year 2021. As a result of the Group's optimisation of sales channels and marketing strategies, the increase in sales of the Group outperformed the overall growth rate of the Hong Kong retail market. Nevertheless, the Group recorded a loss for the Year amounted to HK$843,000 as compared to the profit for Year 2021 amounted to HK$3,844,000. The change from profit to loss for the Year was mainly due to the absence of COVID-19 related grants from the Hong Kong Government and reduction of COVID-19 related rent concession income from various landlords for the Year which amounted to a total of more than HK$11,000,000. Meanwhile, the outbreak of the Omicron variant in the fifth wave of the pandemic severely weakened consumption sentiment and also the sales of the Group in the first quarter of year 2022. The Company has been actively reviewing and enhancing its business plans to strengthen the long-term development of the Group.

As at 31 March 2022, the Group had 18 specialty stores and 64 consignment counters (31 March 2021: 16 specialty stores and 74 consignment counters) in Hong Kong, Macau and Singapore, among which 12 consignment counters were closed temporarily due to the COVID-19 epidemic and the strict border control measures of Hong Kong's borders by the government. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to the target customers.

FINANCIAL REVIEW

For the year under review, the persistent outbreak of the COVID-19 pandemic with tight border restriction has posed an adverse impact on overall retail market especially for the first quarter of year 2022. The fifth wave of COVID-19 has evolved drastically in last three months of the Year, the government has tightened social distancing measures to the most stringent level. As a result, the growing local consumer sentiment has been severely adversely affected. In this unfavourable business environment, the Group recorded the revenue for the Year amounted to HK$128,726,000 (Year 2021: HK$102,907,000) and loss for the Year amounted to HK$843,000 (Year 2021: profit HK$3,844,000). The change from profit to loss will be analysed below.

The following table sets forth the breakdown of the Group's revenue by types of goods for the years ended 31 March 2022 and 2021:

	For the year ended 31 March			
	2022		2021	
	HK$'000	**% of total revenue**	HK$'000	% of total revenue
Health supplement products	**122,675**	**95.3%**	97,846	95.1%
Personal care products	**4,172**	**3.2%**	3,240	3.1%
Honey and pollen products	**1,879**	**1.5%**	1,821	1.8%
Total	**128,726**	**100.0%**	102,907	100.0%

During the Year, the Group's revenue for (i) health supplement products increased by 25.4% to HK$122,675,000 (2021: HK$97,846,000); (ii) personal care products increased by 28.8% to HK$4,172,000 (2021: HK$3,240,000); and (iii) honey and pollen products slightly increased by 3.2% to HK$1,879,000 (2021: HK$1,821,000). The improved sales performance was mainly due to the Group's proactive marketing strategies such as attractive discount offers, promotional campaigns through social media platforms and advertising on TV and public transportation.

Management Discussion and Analysis

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2022 and 2021:

	For the year ended 31 March			
	2022		2021	
	HK$'000	**% of total revenue**	HK$'000	% of total revenue
Specialty stores	**36,989**	**28.7%**	32,100	31.2%
Consignment counters	**62,835**	**48.8%**	47,382	46.0%
E-commerce	**17,584**	**13.7%**	16,563	16.1%
Other sales channels	**11,318**	**8.8%**	6,862	6.7%
Total	**128,726**	**100.0%**	102,907	100.0%

During the Year, the Group's revenue for sales channels of specialty stores and consignment counters increased by 15.2% to HK$36,989,000 (2021: HK$32,100,000) and 32.6% to HK$62,835,000 (2021: HK$47,382,000) respectively. The increases were attributable to (i) a rebound in consignment revenue from Macau as a result of border reopening in Macau; and (ii) the stable local epidemic situation in Hong Kong for the first nine months together with the launch of Consumption Voucher Scheme which reignited the local consumer sentiment. The sales of e-commerce increased by 6.2% to HK$17,584,000 for the Year (2021: HK$16,563,000) while the revenue derived from other sales channels increased by 64.9% to HK$11,318,000 (2021: HK$6,862,000). The growth in revenue from other sales channels was as a result of the change in sales method of one of the consignee from consignment to wholesales and the reopen of several exhibitions that were cancelled in Year 2021 due to COVID-19.

The cost of sales increased by HK$5,288,000 or 28.9% to HK$23,580,000 for the year ended 31 March 2022 (2021: HK$18,292,000). The increase was mainly due to the boost of revenue for the Year. The gross profit margin remained stable with only a slight decrease of 0.5% to 81.7% for the Year (2021: 82.2%).

The other income of the Group has shrunk by 85.2% to HK$2,038,000 for the Year (2021: HK$13,728,000). The drop was mainly attributable to the great reduction of government grants and rent concession income for the Year as compared to the Year 2021 which included a total of HK$12,388,000 government grants and rent concession income from various landlords due to the COVID-19.

The selling and distribution expenses of the Group increased by 10.0% to HK$80,998,000 for the year ended 31 March 2022 (2021: HK$73,620,000). The increase was mainly attributable to (i) the increase in advertising and promotion expense to enhance the brand image; and (ii) the increase in consignment commission and the sales staff cost as a result of the growth in revenue and the policy of retaining human resources, respectively.

The general and administrative expenses of the Group increased by 22.3% to HK$29,348,000 for the year ended 31 March 2022 (2021: HK$24,005,000). The increase was mainly due to the raise in staff cost and remuneration.

No finance costs for bank borrowings were incurred for the years ended 31 March 2022 and 2021 as the Group did not have any bank borrowings for these years. The Group's finance costs of interest expense on lease liabilities amounting to HK$326,000 for the Year (2021: HK$544,000) were incurred as a result of the application of Hong Kong Financial Reporting Standard 16 "Leases".

The Group's revenue was mainly derived in Hong Kong, Mainland China, Macau and Singapore during the Year. For the year ended 31 March 2022, there is income tax credit of HK$2,123,000 (2021: HK$370,000). The provision for Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rates regime; the first HK$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK$2,000,000 are taxed at 16.5%. The assessable profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

As a result of the above factors, the Group recorded a loss for the Year of HK$843,000 (2021: profit HK$3,844,000).

For the year ended 31 March 2022, the Group recorded a basic loss per share of HK0.11 cent as compared to the basic earnings per share of HK0.50 cent for Year 2021, the calculation of which is based on the loss for the year of HK$843,000 (2021: profit for the year of HK$3,844,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2021: 762,000,000 ordinary shares). No diluted (loss) earnings per share for both years ended 31 March 2022 and 2021 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2022 and 2021.

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

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

As at 31 March 2022, the Group had net current assets and net assets of HK$105,324,000 (2021: HK$117,024,000) and HK$166,565,000 (2021: HK$176,227,000) respectively. As at 31 March 2022, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 5.1 (2021: 6.3).

Bank Balances and Cash and Time Deposits

Bank balances and cash and time deposits held by the Group amounted to HK$95,300,000 as at 31 March 2022 (2021: HK$100,482,000), of which HK$56,156,000 (2021: HK$59,987,000) was bank balances and cash and HK$39,144,000 (2021: HK$40,495,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars, Renminbi and United States dollars.

Other Financial Resources and Gearing

As at 31 March 2022 and 2021, the Group did not have any bank borrowing and therefore, a gearing ratio (calculated based on the interest-bearing liabilities, which excluded lease liabilities, divided by the total equity as at the respective end of period and multiplied by 100%) was not applicable as at 31 March 2022 and 2021.

Foreign Exchange Exposure

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

Capital Commitments

As at 31 March 2022, the Group did not have any capital commitment (2021: Nil).

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2022.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no material contingent liabilities (2021: Nil).

EMPLOYEE INFORMATION

As at 31 March 2022, the Group had 158 (2021: 164) employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market condition. In addition to salary and commission payment to staff, other staff benefits include a share option scheme, discretionary bonus, staff discount on purchases and internal training.

DIVIDEND

The Board has resolved to recommend a final dividend of HK1 cent per ordinary share for the year ended 31 March 2022, totalling HK$7,620,000 (2021: HK1 cent, totalling HK$7,620,000). Such payment of dividend will be subject to the approval of the Shareholders at the forthcoming AGM. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 7 October 2022.

FUTURE OUTLOOK AND PROSPECTS

In Hong Kong, the fifth wave of the COVID-19 pandemic has severely hammered the city and adversely affected the consumer sentiment. Globally, with the supply chain disruption due to the prolonged epidemic, geopolitical confrontation, rising inflation and expected interest rate hike, business environment ahead is still full of challenges.

The Group will stay vigilant and prudent and constantly review the changing market conditions and optimise its business strategies in the post-COVID era. The COVID-19 epidemic has expedited the already booming e-commerce sector as consumers are familiar with to online purchase. The website of the Group has revamped recently to facilitate seamless online purchase experience. For the cross-border e-commerce sector, in addition to improving customer retention, the Group keeps on developing new products and strengthening various promotion plans on selected social media platforms to further attract new customers and to expand the market.

Besides traditional e-commerce platforms, the Group will put more resources on setting up sales network on Douyin, which pioneers in the development of interest-based e-commerce. Interest-based e-commerce makes use of huge user base and mature recommendation technology to recommend users with products that they may be interested in with more online social interactions and great shopping experience. By providing useful information of the products, quality sales support with diversified sales network channels in these e-commerce platforms, the Group is expected to establish a stronger foothold in the e-commerce sector.

Moreover, the Group continues to build a prestigious and healthy brand image. In addition to inviting an Asian superstar, Ms. Sammi Cheng, as the Group's spokesperson, various well-known key opinion leaders (**KOLs**) are invited to introduce the actual positive effects to them after their regular consumption of the health products of the Group. These marketing campaigns will further promote the products to different customer groups.

In Hong Kong, with the launch of the Employment Support Scheme and the second round of the Electronic Consumption Voucher Scheme by the government in mid-2022, the Company anticipates market conditions will steadily recover. The Company is determined to enhance consumer sentiment by providing quality products, professional customer services and health information to the customers to promote their well-being and health.

Building on its solid fundamentals, the Group's business is well positioned to foster business development over the years to come.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Choy Chi Fai (蔡志輝), aged 48, one of the founders of the Group, was appointed as a Director on 17 April 2015 and is currently an executive Director, the Chairman and a Co-CEO. He is also a member of each of the Remuneration Committee and the Nomination Committee. In addition, Mr. Choy is a director of all of the subsidiaries of the Company and a director and shareholder of Beatitudes, a substantial shareholder of the Company. Mr. Choy is responsible for the overall direction and management of the Group. Before founding the Group in 2001, Mr. Choy (together with Mrs. Choy) had been engaged in the business of trading and distribution in Hong Kong. Mr. Choy has more than 20 years' experience in marketing, distribution, wholesale and retail of health supplement products in Hong Kong, which he gained from the operation of the Group.

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

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

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

- Chief President of the Leadership Institute on Narcotics organised by Narcotics Bureau of Hong Kong Police Force since 2021;

- Honorary President for Hong Kong Police Force Honorary President Council of MongKok District Junior Police Call since 2018;

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

- Mentor of Future Stars — the Future Stars Mentoring Programme organised by HKSAR Commission on Poverty since 2021;

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

- Advisor of HKSAR Auxiliary Medical Service Officers' Club in Kwai Tsing District since 2018;
- Liaison Officer I (KTY), HKSAR Auxiliary Medical Service since 2021;
- Chief Supervisor of Hong Kong Road Safety Patrol in Kowloon West District since 2022;
- Commander of Hong Kong Road Safety Patrol in Kowloon City District since 2022;
- Senior Divisional Vice President for Hong Kong Island & Kowloon Youth Command of Hong Kong St. John Ambulance Brigade since 2021;
- Healthy City Steering Committee Member in Kwun Tong District since 2016;
- Mentor of Mentorship Programme of Chinese University of Hong Kong since 2021;
- Manager of Ning Po College Incorporated Management Committee since 2012;
- Chairman of Ning Po College Alumni Association Education Fund Executive Committee since 2010;
- Director of Tien Dao Worldwide Organizations Limited since 2019;
- Director of Tien Dao Publishing House Limited since 2017;
- Director of Chinese Christian Herald Crusades (Hong Kong) since 2011; and
- Counselor of GoodNews Communication International Ltd since 2021.

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

Ms. Ho Ka Man (何家敏), aged 47, one of the founders of the Group, was appointed as a Director on 17 April 2015 and is currently an executive Director, the Vice Chairman, a Co-CEO and the marketing director of the Group. She is also a director of Truth & Faith and certain other subsidiaries of the Company and a director and shareholder of Beatitudes, a substantial shareholder of the Company. Mrs. Choy is responsible for overseeing the operation of the marketing team of the Group and formulating marketing strategies and promotion plans. Before founding the Group in 2001, Mrs. Choy (together with Mr. Choy) had been engaged in the business of trading and distribution in Hong Kong. She has more than 20 years of experience in marketing of health supplement products in Hong Kong, which she gained from the operation of the Group. Mrs. Choy has also received the award of "CEO of the year 2017" from South China Media Capital CEO, the "Outstanding Businesswomen Award 2017" from Hong Kong Commercial Daily and "GBA Outstanding Women Entrepreneur Award 2018" from Hong Kong Small and Medium Enterprises Association and Metro Finance. Under Mrs. Choy's leadership and supervision, the Group has successfully promoted the brand image and a comprehensive range of health products and has been awarded and recognised by different organisations in recent years.

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

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

Mr. Ho Chun Kit, Saxony (何俊傑), aged 52, was appointed as an executive Director on 15 May 2015 and is also the business development director of the Group. Mr. Ho joined the Group on 4 March 2013 and is currently responsible for sales and marketing development and expansion of the Group's business.

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

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

Mr. Au Chun Kit (區俊傑), aged 46, was appointed as an executive Director on 15 May 2015 and is also the operation director of the Group. Mr. Au joined the Group on 16 September 2013 and is currently responsible for the information technology system and infrastructure of the Group, including development of the online sales channels and maintenance of the Enterprise Resource Planning (ERP) system. He is also in charge of the administrative support of the specialty stores and sales counters at consignee retail stores.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Luk Ting Kwong (陸定光), aged 67, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Nomination Committee and a member of the Audit Committee. Prof. Luk is responsible for providing independent advice to the Board. Prof. Luk received the degrees of Master of Business Administration and Doctor of Philosophy from the University of New South Wales in October 1985 and May 2001, respectively.

Prof. Luk has been a Professor of Marketing at the Emlyon Business School (France) and a director of Eurasia Centre for Brand Management since January 2019. He is a brand guru and has extensive brand and marketing management experience in Hong Kong and the Mainland China. He is the founder of the Asian Centre for Brand Management (currently known as Asian Centre for Branding & Marketing) at The Hong Kong Polytechnic University.

He has been appointed as a member of the Technical Advice Committee of the Hong Kong Brand Development Council and a consultant at the Federation of Hong Kong Brands since April 2008. Prof. Luk is currently a director of Sherriff & Associates Co. Ltd. (Hong Kong and Shenzhen).

Mr. Ko Ming Kin (高銘堅), aged 59, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Ko is responsible for providing independent advice to the Board. He was awarded a Professional Diploma in Accountancy by the Hong Kong Polytechnic (now the Hong Kong Polytechnic University) in November 1986. Mr. Ko became an associate member of Hong Kong Institute of Certified Public Accountants in April 1990. He has been a fellow member of the Association of Chartered Certified Accountants in April 1995. Mr. Ko was admitted as a member of Hong Kong Securities and Investment Institute in December 1998. He was admitted as an associate of the Institute of Chartered Accountants in England and Wales in August 2007, and became a fellow thereof in August 2017.

Mr. Ko has worked for a major international accounting firm and various listed companies in Hong Kong, gaining more than 25 years' experience in accounting services and corporate financial management. Mr. Ko now serves as the chief financial officer of Crocodile Garments Limited (stock code: 00122), a company listed on the Main Board of the Stock Exchange and is responsible for financial functions. He also served as the company secretary of the same company up to 3 January 2022.

Dr. Wan Cho Yee (尹祖伊), aged 53, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Dr. Wan is responsible for providing independent advice to the Board. He received the degrees of Bachelor of Science in Business Administration and Master of Business Administration from San Francisco State University in January 1994 and May 1995, respectively. He also received the degree of Doctor of Business Administration from the Hong Kong Baptist University in November 2019.

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

SENIOR MANAGEMENT

Ms. Tang Wing Shan (鄧穎珊), aged 47, was appointed as the Company Secretary and the financial controller of the Group in May 2015 and June 2013, respectively. She joined the Group in June 2013. Ms. Tang is responsible for managing the Group's financial team and supervising company secretarial, corporate finance, treasury, financial reporting, tax and other related financial matters.

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

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

Ms. Yam Sau Man (甄秀雯), aged 40, is a deputy director of marketing department of the Group. She first joined the Group as a marketing executive in October 2003 and she rejoined in October 2004. Ms. Yam is responsible for the management of designated sales counters in consignee stores and specialty stores and the training for the frontline sales staff in Hong Kong and Macau. Ms. Yam was promoted to a senior marketing manager in February 2013 and was promoted to a deputy director of marketing department in April 2019 based on her contribution in expanding the sales and distribution network in the past 16 years' service.

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

Ms. Mo Suet Lin (巫雪蓮), aged 45, is a deputy director of marketing department of the Group. She joined the Group in August 2013. Ms. Mo is responsible for promotion activities, publicity materials and brand image of the Group.

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

Ms. Lai Ka Wai (黎家蕙), aged 36, is the senior human resources and administrative manager of the Group. She joined the Group in November 2005. Ms. Lai oversees human resources and general administration matters.

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

Corporate Governance Report

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

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

CORPORATE GOVERNANCE PRACTICES

Save for the deviation from code provision A.2.1 (which has changed to C.2.1 since 1 January 2022) of the CG Code as disclosed in this report below, the Company has adopted and complied with all applicable code provisions as set out in the CG Code during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

BOARD OF DIRECTORS

Responsibilities

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

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

Composition

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

Corporate Governance Report

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

Executive Directors

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

INEDs

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

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

The family relationship among certain executive Directors is as follows:

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

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

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

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

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

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

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

Directors' Induction and Continuing Professional Development

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

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

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

Meetings of the Board and Directors' Attendance Records

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

The Board held 4 meetings during the Year and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 31 March 2021 and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021.

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 (which has changed to C.2.1 since 1 January 2022) of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. In view of the present composition of the Board, the in- depth knowledge of the Chairman (who is also a Co-CEO) of the operations of the Group and the health and personal care industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Choy Chi Fai to assume the roles of both the Chairman and the Co-CEO. As all major decisions are made in consultation with all the members of the Board, with the three INEDs offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

BOARD COMMITTEES

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

Audit Committee

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

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

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

During the Year, 3 Audit Committee meetings were held and, amongst other matters, (i) considered and approved for presentation to the Board for consideration and approval of the audited consolidated financial statements of the Group for the year ended 31 March 2021 and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2021; (ii) reviewed the risk management and internal control systems; (iii) discussed with independent auditor about the audit plan for the audit for the year ended 31 March 2022; and (iv) change of independent auditor.

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

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

Remuneration Committee

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

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

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

- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Year, 2 Remuneration Committee meetings were held and, amongst other matters, considered and approved for presentation to the Board for consideration and approval the remuneration of the Directors and senior management.

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

Name of Directors	No. of Attendance/ No. of Meeting(s)
Dr. Wan Cho Yee	2/2
Mr. Ko Ming Kin	2/2
Mr. Choy Chi Fai	2/2

Nomination Committee

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

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

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs; and
- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executives.

During the Year, 1 Nomination Committee meeting was held and, amongst other matters, considered, assessed and approved (i) the structure, size and composition of the Board; (ii) the independence of the INEDs; and (iii) the recommendations to be made to the Board on the re-appointment of retiring Directors at the AGM held in September 2021.

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

Name of Directors	No. of Attendance/ No. of Meeting(s)
Prof. Luk Ting Kwong	1/1
Dr. Wan Cho Yee	1/1
Mr. Choy Chi Fai	1/1

Board Diversity Policy

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

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

Nomination Policy

Purpose

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

Nomination Criteria

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

- The candidate should possess the skills, knowledge and experience which are relevant to the business of the Company or its subsidiaries;

- The candidate should be able to devote sufficient time to attend Board meetings and participate in induction, trainings and other Board associated activities;

- Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives (including but not limited to gender, age and cultural/professional background etc.) and the balance of skills and experience in Board composition;

- The candidate must satisfy the Board that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence as a Director; and

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

Nomination Procedures

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

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

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

Corporate Governance Functions

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 March 2022 are set out in note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 (which has changed to E.1.5 since 1 January 2022) of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended 31 March 2022 by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to 1,000,000	4

CHANGE OF INDEPENDENT AUDITOR AND ITS REMUNERATION

Wellink CPA Limited ("**Wellink**") had been the independent auditor since the Listing Date. On 18 March 2022, Wellink resigned as the independent auditor and Asian Alliance (HK) CPA Limited ("**Asian Alliance**") was appointed by the Board as the independent auditor to hold office until the conclusion of the next AGM of the Company.

The remuneration payable to independent auditors for the year ended 31 March 2022 is set out below:

Services	Fee Payable HK$
Audit services — Asian Alliance	670,000
— Wellink	14,000
Non-audit services	—

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2022.

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

In addition, Asian Alliance has stated in the independent auditor's report its reporting responsibilities on the Group's consolidated financial statements for the year ended 31 March 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

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

During the year ended 31 March 2022, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the Year covering all material controls, including financial, operational and compliance as well as risk management. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

DISCLOSURE OF INSIDE INFORMATION

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

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

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

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

COMPANY SECRETARY

Since May 2015, the Company has appointed Ms. Tang Wing Shan as the Company Secretary who has sound understanding of the operations of the Board and the Group. She was closely involved in the preparation of the Listing. During the year ended 31 March 2022, Ms. Tang has received not less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

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

DEED OF NON-COMPETITION

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

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

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

Procedures for Shareholders to Convene an EGM

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

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

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

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

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

Procedures for Shareholders to Send Enquiries to the Board

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

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

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibilities to the chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

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

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

DIVIDEND POLICY

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

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

The procedures of dividend distribution are as follows:

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

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

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

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

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

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the year ended 31 March 2022. The M&A is available on the respective websites of the Stock Exchange and the Company.

Report of the Directors

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

PRINCIPAL ACTIVITIES

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

An analysis of the Group's segment information for the Year by sales channels, categories and geographical areas is set out in note 7 to the consolidated financial statements.

RESULTS AND DIVIDENDS

Details of the consolidated profit of the Group for the Year and the Group's financial position as at 31 March 2022 are set out in the consolidated financial statements and their accompanying notes on pages 88 to 159 of this annual report.

The Board has resolved to recommend a final dividend of HK1 cent per Share for the year ended 31 March 2022, totalling HK$7,620,000 (2021: HK1 cent, totalling HK$7,620,000) payable to the Shareholders whose names will appear on the register of members of the Company on 21 September 2022. Such payment of dividend will be subject to the approval of the Shareholders at the AGM to be held on 9 September 2022 and has not been recognised as a liability in this annual report. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 7 October 2022.

BUSINESS REVIEW

A fair review of the businesses of the Group, an indication of likely future development in the Group's business as well as a discussion and analysis of the Group's performance during the Year using financial key performance indicators and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed "Management Discussion and Analysis" set out on pages 18 to 23 of this annual report. The financial risk management objectives and policies of the Group are set out in note 6(b) to the consolidated financial statements. These discussions form part of this report.

Principal Risks and Uncertainties

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

Impact of Local and International Regulations

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

Third-Party Risks

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

Financial Risks and Estimation Uncertainty

The risks of the Group include market risks (i.e. currency risk and interest rate risk), credit risk and liquidity risk. The key sources of estimation uncertainty and financial risk are set out in note 4 and note 6 to the consolidated financial statements in this annual report, respectively.

Event after the Reporting Period

The Group had the following events after the reporting period.

(1) As at 26 April 2022, the Group obtained vacant procession for certain properties from a property developer. The ownership of the certain properties transferred to the Group at the same date and approximately RMB1,505,000 (equivalent to approximately HK$1,857,000) included in deposits for acquisition of properties was recognised as investment properties.

(2) A final dividend in respect of the year ended 31 March 2022 of HK1 cent per ordinary share, in an aggregate amount of HK$7,620,000 was proposed pursuant to a resolution passed by the Board on 27 June 2022 and will be subject to the approval of the Shareholders at the AGM to be held on 9 September 2022.

Environmental, Social and Governance Report

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

Detailed information on the environmental, social and governance practices adopted by the Group is set out in the "Environmental, Social and Governance Report" on pages 59 to 80 of this annual report.

Compliance with Laws and Regulations

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

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

Relationships with Employees, Customers and Suppliers

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

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

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

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 28 to the consolidated financial statements in this annual report.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 88. The financial position of the Group as at 31 March 2022 is set out in the consolidated statement of financial position on pages 89 to 90. The financial position of the Company as at 31 March 2022 is set out in note 31 to the consolidated financial statements on pages 156 to 157. The cash flows of the Group for the year ended 31 March 2022 are set out in the consolidated statement of cash flows on pages 92 to 93.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements in this annual report.

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in consolidated statement of changes in equity and note 31 to the consolidated financial statements in this annual report, respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the aggregate of share premium plus retained profit. Under the Companies Act of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to Shareholders subject to the provisions of its M&A. As at 31 March 2022, the reserves available for distribution to Shareholders were approximately HK$101,123,000 which represented the aggregate of share premium of HK$91,260,000 plus retained profit of HK$9,863,000.

DONATIONS

During the year ended 31 March 2022, the Group's charitable and other donations amounted to HK$215,000 (2021: HK$272,000).

DIRECTORS

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

Executive Directors

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

Independent Non-executive Directors

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

Pursuant to Article 108 of the Articles of Association, at each AGM, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation and shall be eligible for re-election. Therefore, Mr. Ho Chun Kit, Saxony, Mr. Ko Ming Kin and Dr. Wan Cho Yee shall retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

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

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

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE CONTRACTS

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

EQUITY-LINKED AGREEMENTS

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

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

As at 31 March 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in the Shares

Name of Directors	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares
Mr. Choy Chi Fai	interest in a controlled corporation *(Note)*	425,340,000	55.82%
Ms. Ho Ka Man	interest in a controlled corporation *(Note)*	425,340,000	55.82%

Note: Each of Mr. Choy Chi Fai and Ms. Ho Ka Man (together as a group of the controlling shareholders) owns 50% of the issued share capital of Beatitudes, a company incorporated in the British Virgin Islands and considered as the parent and ultimate parent company of the Company, respectively. As at 31 March 2022, Beatitudes was the beneficial owner holding an approximately 55.82% shareholding interest in the Company and thus, each of Mr. Choy Chi Fai and Ms. Ho Ka Man was deemed or taken to be interested in all the Shares which were beneficially owned by Beatitudes for the purpose of the SFO.

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

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

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which had notified to the Company and the Stock Exchange under the SFO or pursuant to Section 352 of the SFO, entered in the register referred to therein or which were, pursuant to the Model Code, notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Pursuant to the written resolution of the sole Shareholder passed on 20 July 2016, the Company adopted a share option scheme (the "**Share Option Scheme**") conditional upon the Listing. The Share Option Scheme became effective on the Listing Date. No share options have been granted since the Listing Date and therefore, there were no outstanding share options as at 1 April 2021 and 31 March 2022 and no share options were exercised or cancelled or lapsed during the Year.

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

(1) Purpose

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

(2) Eligible participants

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

(3) Maximum number of Shares available for issue

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

(4) Maximum entitlement of each eligible participant

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

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

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

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

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

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

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

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

(8) Basis of determining the exercise price

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

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

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

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

(9) Remaining life

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

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

As at 31 March 2022, so far as it is known by or otherwise notified to any Director or the chief executives of the Company, the corporation and the person named below (other than a Director or the chief executive of the Company) had a long position in the following Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares
Beatitudes	Beneficial owner *(Note)*	425,340,000	55.82%
Gao Yuan	Beneficial owner	93,635,000	12.29%

Note: Beatitudes is a company incorporated in the British Virgin Islands, which owned an approximately 55.82% shareholding interest in the Company as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any corporation which/person (other than a Director or the chief executive of the Company) who had interest or short position in the Shares or underlying Shares, which had been disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

REMUNERATION OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five individuals with the highest emoluments are set out in note 12 and note 13 to the consolidated financial statements in this annual report, respectively.

UPDATE ON DIRECTORS' INFORMATION

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

For information in relation to the emoluments of the Directors for the years ended 31 March 2021 and 2022, please refer to note 12 to the consolidated financial statements in this annual report. After the year ended 31 March 2022 and up to the date of this annual report, the emoluments of the Directors have no change.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DEED OF NON-COMPETITION

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in note 29 to the consolidated financial statements headed "Material Related Party Transactions" in this annual report and the section headed "Connected Transaction" of this report below, no Director nor a connected entity of a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisted at any time during the year under review or at the end of the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 29 to the consolidated financial statements in this annual report and the section headed "Connected Transaction" of this report below, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

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

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for less than 10% of the Group's total revenue for the Year. In addition, the five largest distributors of the Group accounted for 49.9% (2021: 50.3%) of the Group's total revenue and the largest distributor of the Group accounted for 28.1% (2021: 24.2%) of the Group's total revenue for the Year.

We purchased finished products mainly from four suppliers in Australia and Japan (2021: three suppliers in Australia). The purchase from these major suppliers accounted for 94.6% (2021: 98.1%) and the largest supplier of the Group accounted for 66.0% (2021: 69.5%) of the Group's total purchases.

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

FIVE-YEAR FINANCIAL SUMMARY

The five-year financial summary of the results as well as assets and liabilities of the Group is set out in the section headed "Five-Year Financial Summary" on page 160 of this annual report.

MANAGEMENT CONTRACTS

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

RELATED PARTY TRANSACTIONS

Details of material related party transactions undertaken on the normal commercial terms and in the ordinary course of business of the Group are provided under note 29 to the consolidated financial statements. The related party transactions disclosed in note 29(b) to the consolidated financial statements in this annual report constitute a one-off connected transaction of the Company as a result of the Group's application of HKFRS 16 and are fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Save as disclosed herein and in the paragraph headed "Connected Transaction" below, none of them constituted a one-off connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

During the Year, the Group has the following connected transaction as stated in note 29 to the consolidated financial statements in this annual report.

Prof Kiu International Limited ("**Prof Kiu**"), a company wholly owned by Mr. Choy Chi Fai and Ms. Ho Ka Man, the executive Directors, as landlord entered into a tenancy agreement with Truth & Faith, as tenant, pursuant to which Prof Kiu agreed to lease premises of Unit C, 3/F., King Win Factory Building, Nos. 65–67 King Yip Street, Kowloon, Hong Kong (the "**Premises**") to Truth & Faith for a term of 3 years commencing on 1 July 2018 and expiring on 30 June 2021 (both days inclusive) at a monthly rental fee of HK$50,000 and both sides also entered a renewed tenancy agreement of the Premises for a term of 3 years commencing on 1 July 2021 and expiring on 30 June 2024 (both days inclusive) at a monthly rental fee of HK$80,000 during the Year (the "**Tenancy Agreement**").

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

Payment for lease liabilities (including interest) for the Tenancy Agreement during the year under review were HK$870,000 (2021: HK$600,000) and were paid to Prof Kiu in accordance with the terms of the Tenancy Agreement. The Directors (including the INEDs) are of the opinion that the above transaction was entered into during our ordinary and normal course of business on normal commercial terms, and the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As a result of the application of HKFRS 16 since 1 April 2019, the transaction contemplated under the Tenancy Agreement should be classified as a one-off connected transaction of the Company instead of a continuing connected transaction of the Company. Given that the highest of the applicable percentage ratios in respect of the value of right-of-use asset recognised under the transaction of the Tenancy Agreement is less than 5% and the total consideration is less than HK$3,000,000, the transaction of the Tenancy Agreement is fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUBSIDIARIES

The particulars regarding the subsidiaries of the Company are set out in note 30 to the consolidated financial statements in this annual report.

BANK BORROWINGS

The Group did not have any bank borrowings as at 31 March 2022 (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

As disclosed in the section headed "Public Float" of "Report of the Directors" of the Company's annual report for the year ended 31 March 2021, an investor has held shareholding interest of 89,225,000 Shares, representing approximately 11.71% of the total issued share capital of the Company and was considered as a substantial Shareholder as defined under the Listing Rules. The public float of the Company dropped below the minimum percentage of public shareholders of 25% as prescribed by Rule 8.08 of the Listing Rules and inevitably caused the suspension of the trading in the Shares on the Stock Exchange from 16 March 2020 at the request of the Company.

References are made to the announcements (the "**Announcements**") of the Company dated 17 March 2020, 11 June 2020, 15 June 2020, 14 October 2020, 16 December 2020, 16 March 2021, 15 June 2021 and 13 September 2021 respectively in relation to, among others, the insufficient public float of the Company, the suspension of trading in the Shares on the Stock Exchange and the resumption of trading of Shares on the Stock Exchange.

According to the information that is publicly available to the Company and within the knowledge of the Directors, not less than 25% of the total number of the issued Shares were in the hands of the public as at 31 March 2022.

RESTORATION OF PUBLIC FLOAT

The Company was informed by Beatitudes, the controlling shareholder of the Company, that on 31 August 2021, Beatitudes entered into a placing agreement (the "**Placing Agreement**") with Upbest Securities Company Limited as the placing agent pursuant to which Beatitudes agreed to dispose of, and the placing agent agreed to procure not less than six independent placees (the "**Placees**") to subscribe for up to 137,160,000 Shares (representing 18.00% of the issued share capital of the Company) (the "**Placing Shares**") held by Beatitudes at the placing price of HK$0.23 (representing a discount of approximately 23.33% to the last closing price of HK$0.30 per Share as quoted on the Stock Exchange prior to the suspension of trading in the Shares with effect from 16 March 2020) on a best effort basis (the "**Placing**").

The Placing was completed on 13 September 2021 and an aggregate of 137,160,000 Placing Shares were successfully placed by the placing agent to 21 Placees. To the best knowledge, information and belief of the Directors having made all reasonable enquiries,(i) each of the Placees and their ultimate beneficial owners (where applicable) is independent of and not financed directly or indirectly by or accustomed to take instructions from the Company or any of its subsidiaries, or the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or its subsidiaries and their respective close associates (as defined under the Listing Rules) and parties acting in concert with them (as defined under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission); and (ii) none of the Placees has become a substantial shareholder (as defined under the Listing Rules) of the Company immediately upon completion of the Placing.

Following the completion of the Placing, (i) the number of Shares held by Beatitudes has been reduced from 562,500,000 Shares (representing approximately 73.82% of the issued share capital of the Company) to 425,340,000 Shares (representing approximately 55.82% of the issued share capital of the Company); and (ii) a total of 247,435,000 Shares (representing approximately 32.47% of the issued share capital of the Company) are held by the public shareholders of the Company as at the date of completion of the Placing (i.e. 13 September 2021). As such, the public float of the Company has been restored and the Company is in compliance with Rule 8.08(1)(a) of the Listing Rules.

Set out below is the shareholding structure of the Company (i) immediately before completion of the Placing; and (ii) immediately after completion of the Placing (i.e. 13 September 2021):

Shareholders	**Immediately before completion of the Placing**		**Immediately after completion of the Placing**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Beatitudes	562,500,000	73.82	425,340,000	55.82
Gao Yuan	89,225,000	11.71	89,225,000	11.71
Public shareholders	110,275,000	14.47	110,275,000	14.47
Placees *(Note)*	—	—	137,160,000	18.00
Total	762,000,000	100.00	762,000,000	100.00

Note: Upon completion of the Placing, each of the Placees is a public shareholder and a total of 247,435,000 Shares (representing approximately 32.47% of the issued share capital of the Company) are held by the public shareholders of the Company as at 13 September 2021.

RESUMPTION OF TRADING

The Resumption Guidance requires the Company to restore the minimum public float under Rule 8.08(1)(a) of the Listing Rules. As at 13 September 2021, the Company has fulfilled the requirement set out in the Resumption Guidance.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9: 41 a.m. on Monday, 16 March 2020 pending the restoration of public float of the Shares. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9: 00 a.m. on Tuesday, 14 September 2021.

For more details, please refer to the Announcements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

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

EMOLUMENT POLICY OF THE GROUP

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

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

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

TAX RELIEF

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

INDEPENDENT AUDITOR

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

REVIEW BY AUDIT COMMITTEE

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

The Audit Committee had reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2022, including the accounting principles and accounting practices adopted by the Group, and discussed matters relating to auditing, internal control and risk management systems, financial reporting and internal audit function.

On behalf of the Board

Choy Chi Fai
Chairman, Executive Director and Co-CEO

Hong Kong, 27 June 2022

Environmental, Social and Governance Report

STATEMENT FROM THE BOARD

The Group is principally engaged in the retail and wholesale of health and personal care products. We are committed to maintaining the environmental sustainability and protection and targeting to strike a balance between efficient operation and environmental protection. We also focus on the relationship with employees, product safety and community investment. Regarding the employment and labour, the Group always maintains a fair and impartial code, pays attention to the industrial safety of its employees and provides them with a series of trainings to enhance their professional skills. We attach great importance to the quality and safety of our products to protect the health of our customers. A series of measures and rules have been designed to introduce high-quality products and ensure the quality stability of these products. The Group also actively participates in community services and supports various kinds of charitable events and organisations, in order to create long-term value for stakeholders and communities.

The Board takes overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board has a supervisory role in the ESG report. The Board periodically conducts ESG assessment by identifying potential impacts, risks and opportunities posed to the operation. The Board also ensures that appropriate and effective ESG risk management is in place. The Group has implemented the principles of sustainable development at operational levels such as day-to-day operations, strategic planning and investment.

The Group has made significant progress over the past few years in implementing ESG policies and bringing positive impact on substantiality performance. We have confidence that these will continue to bring greater value to the Group and create a positive impact on our stakeholders.

ABOUT THIS REPORT

The report provides an overview of the Group's policies implementation and performance with respect to sustainable development and social responsibilities areas. The Group has prepared this report in accordance with the requirements stipulated in the ESG Reporting Guide contained in Appendix 27 to the Listing Rules, and this report has complied with the "comply or explain" provisions set out in the above-mentioned reporting guide. The reporting period of this report is from 1 April 2021 to 31 March 2022. The reporting boundary extended over this reporting period, which covered all business regions of the Group, including Hong Kong, Mainland China, Singapore and Macau. Apart from Hong Kong, the scope of the business regions covered in this Year's ESG report has been expanded to include Mainland China, Singapore and Macau for the first time to provide comprehensive insight and disclosure of the Group's ESG issues.

ESG GOVERNANCE

The Board is determined to integrate the ESG philosophy into business strategies and operations of various level of the Group, covering the operations of the Group's registered office in Hong Kong and other offices in Mainland China, Singapore and Macau and accountable for 100% of the Group's revenue. This report has been reviewed by the Board. The Board is responsible for the execution and risk assessments of the Group's strategy concerning ESG matters. Senior management discusses with the Board about significant ESG issues and implements plans across major departments including Human Resources and Operation.

STAKEHOLDERS' ENGAGEMENT

The Group understands stakeholder engagement is a critical element to the success of the Group. The Group has conducted materiality assessment in identifying and understanding the main concerns and material interests of stakeholders.

The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with stakeholders:

Stakeholders	Expectations	Engagement channels	Measures
Shareholders and Investors	• Robust operational compliance • Good returns on investment • Disclosure of information in a fair, transparent and timely manner	• Annual general meeting and other shareholders' meetings • Interim reports, annual reports, announcements • Group's website	• Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements, circulars, interim reports and annual reports in the Year • Carried out different forms of investor activities with an aim to improve investors' recognition • Disclosed Company's contact details on its website and in reports and ensured all communication channels being available and effective
Government, public and communities	• Comply with the laws and regulations • Ensure safety, environmental protection and social responsibility	• On-site inspections and checks • Discussions through work report preparation and submission for approval	• Operated, managed according to laws and regulations • Strengthened safety management • Accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities

Stakeholders	Expectations	Engagement channels	Measures
Employees	• Safeguard the rights and interests of employees • Salary and welfare • Working environment • Career development opportunities • Health and safety • Training and briefing sessions	• Policies and procedures • Channels for employees to express their opinions • Performance assessment • Team activities	• Provided a healthy and safe working environment • Established policies and procedures according to local labour law • Developed communication channel with management • Developed a fair mechanism for promotion • Cared for employees by helping those in need and organising employee activities
Customers	• Assurance on quality and quantity of product • Stable relationship • Group's reputation and brand image • Market demand	• Site visit • Email and customer service • Regular meetings	• Organised marketing activities and site visit
Suppliers/Partners	• Long-term partnership • Honest cooperation • Fair and open • Information resources sharing • Timely payment	• Strategic cooperation • Regular meetings and visits	• Careful selection of quality suppliers and contactors by site visits and quality control review, undertook obligations according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors

Stakeholders	Expectations	Engagement channels	Measures
Peer/Industry associations	• Experience sharing • Cooperation • Fair competition	• Industry conference • Site visit • Website	• Stuck to fair play, cooperated with peers to realise win-win, shared experiences and attended seminars and meetings of the industry so as to promote sustainable development of the industry

REPORTING PRINCIPLES

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

Materiality:

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

Quantitative:

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

Balance:

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

Consistency:

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

KEY PERFORMANCE INDICATOR ("KPI")

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

<table>
<tr><th colspan="2">ESG Aspects</th><th>ESG Issues</th></tr>
<tr><td colspan="2" rowspan="4">Environmental</td><td>Emissions</td></tr>
<tr><td>Use of resources</td></tr>
<tr><td>Environment and natural resources</td></tr>
<tr><td>Climate change</td></tr>
<tr><td rowspan="11">Social</td><td rowspan="4">Employment and labour practices</td><td>Employment</td></tr>
<tr><td>Health and safety</td></tr>
<tr><td>Development and training</td></tr>
<tr><td>Labour standards</td></tr>
<tr><td rowspan="6">Operating practices</td><td>Supply chain management</td></tr>
<tr><td>Product responsibility</td></tr>
<tr><td>Service responsibility</td></tr>
<tr><td>Privacy protection</td></tr>
<tr><td>Intellectual property rights</td></tr>
<tr><td>Anti-corruption</td></tr>
<tr><td>Community</td><td>Community investment</td></tr>
</table>

ENVIRONMENTAL

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

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

- Establish an energy saving policy or guidelines and inform employees to use resources effectively in accordance with such policy or guidelines;
- Include energy efficiency requirements when procuring energy-related products;
- Conduct energy audit/check to monitor energy consumption per type (e.g. electricity, paper usage, etc.);
- Use LED lighting system and energy-saving appliances in office, stores and warehouse;

- Turn off the unused electrical appliances during non-working hours;
- Affix reminders/signs to lighting switches in office to remind staff of switching off lighting and air-conditioning systems after use;
- Apply lighting zone control to enable switching on/off lighting independently in different parts of the warehouse;
- Ensure that air-conditioning systems operate efficiently through scheduling cleaning of the air conditioner filters and air conditioner at least once every two months and once a year respectively;
- Check room temperature and ensure that indoor temperature controllers are correctly set to maintain temperature at 24–26ºC in the office;
- Install sunscreen curtains on windows to reduce direct sunlight and the demand for air-conditioning;
- In order to maximise the duration of equipment, remind our staff regularly to be self-disciplined and enforce a good practice in maintenance of all equipment in the workplace;
- Organise the recycling of waste paper in the office and warehouse;
- Promote the concept of "paperless" with the use of electronic copies of documents;
- Recommend double-sided printing and remind employees to photocopy wisely; and
- Reuse furniture, decoration and display material of stores and exhibitions.

Emissions

Air pollutant emission

Direct air pollutant emissions mainly came from the use of the Group's motor vehicles. The Group's motor vehicles were mainly used for goods delivery. These direct air pollutant emissions were mainly nitrogen oxides, sulphur oxides and particulate matter exhausted from the engines when petrol was combusted. The following table sets forth the air pollutant emissions analyses which were generated from the use of the Group's motor vehicles for the years ended 31 March 2022 and 2021:

Air Pollutant Emission Period	Nitrogen Oxides (NOx)	Sulphur Oxides (SOx)	Particulate Matter (PM)
For the year ended 31 March 2022	34.26 kg	0.09 kg	3.27 kg
For the year ended 31 March 2021	32.26 kg	0.10 kg	3.08 kg

Greenhouse gas ("GHG") emission

The Group targets to control and reduce the indirect greenhouse gas emissions in the coming year while maintaining efficient business operation and development. The Group's GHG emissions produced in the business process mainly came from motor vehicles (Scope 1), purchased electricity (Scope 2), paper disposal at landfill and electricity used for fresh water and sewage processing (Scope 3).

The table below sets forth the approximate volume of different types of GHG emissions in carbon dioxide (CO_2) equivalent emissions ("**CO_2e**") for the years ended 31 March 2022 and 2021:

Greenhouse Gas Emissions	Emission Sources	For the year ended 31 March 2022 Total approximate volume emitted (tonnes of CO_2e)	2021 Total approximate volume emitted (tonnes of CO_2e)
Scope 1 — Direct emissions	Use of the Group's motor vehicles	**16.3**	15.7
Scope 2 — Energy indirect emissions	Purchased electricity	**94.0**	124.7
Scope 3 — Other indirect emissions	A. Paper disposal at landfill	**0.2**	0.1
	B. Electricity used for processing fresh water and sewage by government departments	**0.1**	—*Note*
Total		**110.6**	140.5

Note: Group's Business in Singapore was not covered in the ESG report over the past years, and hence, the electricity used for water consumption of Singapore was not reported in Year 2021.

Scope 1 GHG emissions came from the Group's motor vehicles which were mainly used for goods delivery to business operation areas. These GHG emissions were mainly carbon dioxide exhausted from the engines when petrol was combusted. During the Year, the slight increase of direct emission of GHG was caused by the increased frequency of goods delivery due to the change in consumption pattern and the improvement in turnover.

Scope 2 GHG emissions were the major contributor of the Group's GHG emissions, which were generated indirectly as a result of the use of purchased electricity. Major electricity consumed by the Group in Hong Kong was purchased from electricity companies (i.e. CLP Power Hong Kong Limited and The Hong Kong Electric Company, Limited) which generated these GHG directly by the burning of fuel. The electricity consumed by the Group in the Mainland China, Singapore and Macau are also considered in this Year. There was addition of specialty stores over the Year as well. The improved situation of indirect GHG emission from purchased electricity was mainly due to the improvement in carbon emission from the electricity companies. The emission factors of both CLP Power Hong Kong Limited and the Hong Kong Electric Company Limited have been significantly reduced during the Year.

By comparison, the environmental impact of scope 3 GHG emissions was relatively small. The major GHG emissions for scope 3 were emitted indirectly as a result of paper disposal at landfill. With the ESG reporting covers the Group's business in Singapore this Year, there was approximately 0.1 tonnes of CO2e emission from the electricity used for the water and sewage consumption.

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

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

The Group does not generate hazardous waste because the principal operations of the Group do not involve in production-related air, water and land pollutions which are regulated under related environmental laws and regulations. During the Year, the non-hazardous waste produced by the Group was mainly waste paper and other general office waste generated from daily office operations. The Board has adopted and continuously improved the supervision rules and regulations of the existing and potential hazard or non-hazardous waste, such as office paper and other general office waste. A series of office operation rules are implemented by all employees and regularly supervised by senior management to reduce quantities of waste, such as:

- Encourage paperless office to the greatest extent;
- Make two-sided copies and reuse the paper which has been used on one side only for scrap paper;
- Recycle paper waste; and
- Record the use of office resources by each employee to avoid personal waste;

The Group supplies the paper waste to waste dealers or paper mills for recycling regularly. The Group also conducts periodic reviews of the latest regulations and guidelines regarding waste management for improvements. The Group aims to keep zero-hazardous-waste and minimise the non-hazardous waste step by step to maximise the eco-friendly economy in the future.

Below table sets forth the details of waste by hazardous and non-hazardous for the years ended 31 March 2022 and 2021:

	For the year ended 31 March	
	2022	2021
Waste Generation	**Total Volume**	Total Volume
Hazardous waste directed to disposal (tonnes)	**—**	—
Non-hazardous waste directed to disposal (tonnes)	**2.4**	2.5

Use of resources

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

Other than electricity, petrol was used in the Group's motor vehicles mainly for goods delivery purpose. As the water consumption of the Group's business locations in Hong Kong, Mainland China and Macau was borne by landlord, the Group did not have water consumption of the aforesaid locations during the Year. With the Group's business in Singapore is considered in this financial year, there was a few of water consumption by the Group over the Year (2021: Nil). The use of water in Singapore is to maintain the daily operation of the store. The Group keeps track on the local water stress and conservation issues from time to time, and delicates all employees to follow the water preservation guidelines in their daily work which is supervised by senior management. Water preservation guidelines are stated as follows,

- Determine water requirements for each workplace and check usage frequently; and
- Carry out regular leakage tests on concealed piping and check for overflowing tanks, waste, worn tap washers, and other defects in the water supply system;

The Group promises to use the least amount of water for the basic operation of the stores, preserving the water resources and contributing to high water efficiency in the local market.

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

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

The amount of energy and resources used for the years ended 31 March 2022 and 2021 were as follows:

		For the year ended 31 March	
		2022	2021
Energy and Resources	**Units**	**Consumed**	Consumed
Electricity	kWh	**225,240**	221,362
Petrol	Litre	**6,106**	6,143
Paper	Kilogram	**1,974**	2,246
Water	Cubic Metre	**21**	—

During the Year, the rise of electricity consumption was due to consolidated consumption of all operating stores in Hong Kong, Mainland China, Singapore and Macau, and the addition of specialty stores. Meanwhile, the consumption of paper maintained as previous since there was a significant usage of carton box due to online sales. The consumption of petrol maintained all over the Year. Water consumption incurred in Singapore operations was first covered in this Year's ESG report (2021: Nil).

The Group controls and minimises the use of resources to satisfy the lowest need of the efficient operation and business expansion in the coming year. By continual adoption of the aforesaid green measures, the Group targets to control and reduce the use of resources in the coming year while maintaining efficient business operation.

Environment and natural resources

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

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

Climate change

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

SOCIAL

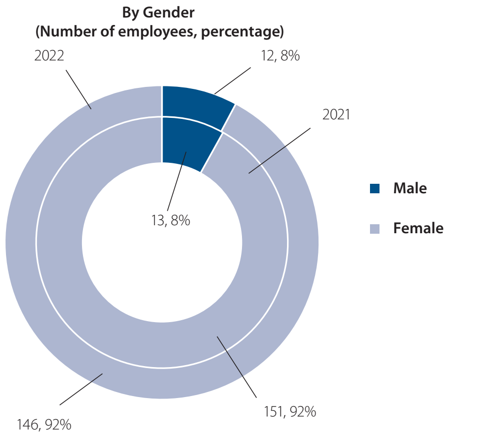
Employment and labour practices

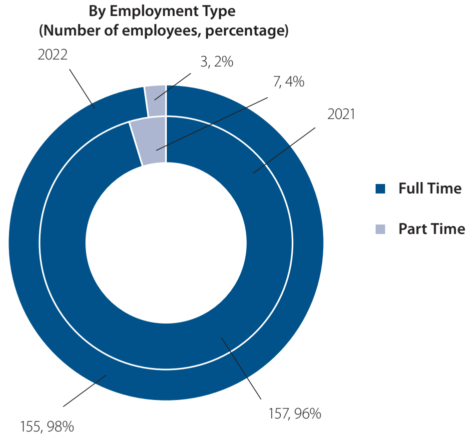
Employees are one of the most important assets of our Group. Ausupreme believes that its long-term success depends on the contribution of each and every individual in the organisation. The Group has provided the employees with a variety of benefits and trainings for long term career development. As at 31 March 2022, the Group had 158 (2021: 164) employees in Hong Kong, Mainland China, Singapore and Macau.

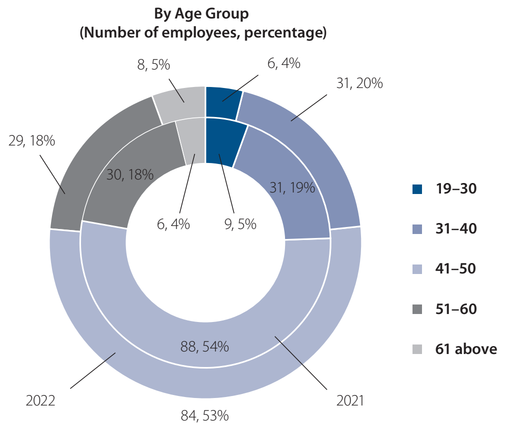
Employment

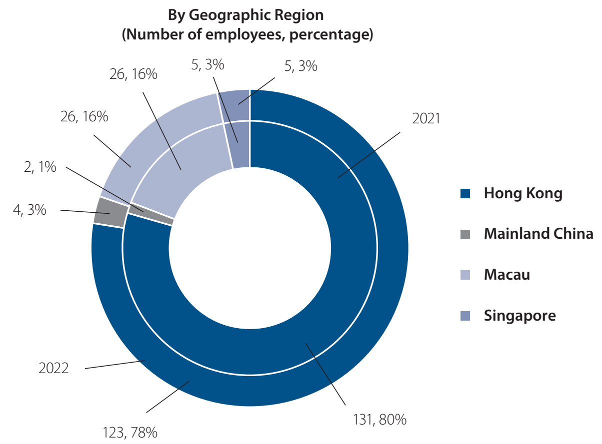
During recruitment and staff promotion processes, we provide equal opportunities to all people regardless of sex, marital status, family status or disability. Our judgement is based on qualifications, experience, skills, potential and performance. We strive to retain employees as they are most valuable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

The following tables and charts set forth the number of employees and percentage by gender, age group, geographical region and employment type as at 31 March 2022 and 2021:









Age Group	2022 Male	2022 Female	2021 Male	2021 Female
19–30	**0**	**6**	2	7
31–40	**4**	**27**	3	28
41–50	**3**	**81**	3	85
51–60	**4**	**25**	4	26
61 and above	**1**	**7**	1	5
Total	**12**	**146**	13	151

Geographical region	2022	2021
Hong Kong	**123**	131
Mainland China	**4**	2
Macau	**26**	26
Singapore	**5**	5
Total	**158**	164

As at 31 March 2022, total number of employees was 158 (2021: 164), of which full-time employees were 155 (2021: 157) and part-time employees were 3 (2021: 7).

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

Due to the impact of COVID-19 outbreak and the compliance with social distancing measures, staff activities of the Group have also been reduced during the Year. Nevertheless, the Group has maintained yoga class so that the employees can maintain physical and mental health during the epidemic period.

The following tables set forth the staff turnover rate by gender, age group and geographical region for the years ended 31 March 2022 and 2021:

Gender	2022	2021
Female	26.1%	25.8%
Male	1.2%	1.6%
Total	27.3%	27.4%

Age Group	2022	2021
19–30	4.3%	3.3%
31–40	7.5%	4.9%
41–50	11.2%	10.5%
51–60	3.7%	8.2%
61 and above	0.6%	0.5%
Total	27.3%	27.4%

Geographical Region	2022	2021
Hong Kong	26.1%	25.8%
Mainland China	—	—
Macau	1.2%	—
Singapore	—	1.6%
Total	27.3%	27.4%

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

Health and safety

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

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

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

➢ Provided occupational health and safety training;

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

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

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

➢ Scheduled office and warehouse deep cleaning; and

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

Since the outbreak of COVID-19, the Group has implemented certain workplace health and safety measures to prevent our staff and customers from being infected. To comply with the Prevention and Control of Disease Ordinance (Chapter 599 of the Laws of Hong Kong), the Group has requested all staff to wear masks in office, warehouse, all specialty stores and consignment counters. The Group continued the previous practices by arranging office employees to work from home during severe epidemics period to safeguard the health and safety of employees. Anti-epidemic supplies and health supplement such as rapid antigen test kits for COVID 19, Lianhua Qingwen Jiaonang, propolis pills and vitamin C tablets were offered to staff to avoid infection and strengthen the body's immunity. Non-essential business travel is suspended. The Groups purchased qualified air purifiers in the stores, office and warehouse and scheduled deep cleaning in the office and warehouse to protect the health of the staff and the customers. As the COVID-19 pandemic is gradually under control, operations have been resumed in an orderly manner in accordance with government regulations.

All work-related injuries are protected by the Employees' Compensation Ordinance of Hong Kong and the Group complies with the requirements. The Group strictly complied with relevant labour and employment laws and regulations in Hong Kong and relevant overseas jurisdictions, including but not limited to the Cap. 509 Occupational Safety and Health Ordinance. During the Year, there was 1 (2021: 5) reported cases of work injuries with 1,854 (2021: 3,474) labour hours lost. The Group will continue to strive for a healthy and safe workplace for staff.

There was no work-related fatality occurred for the years ended 31 March 2022, 2021 and 2020.

Development and training

The Group believes that employees are the valuable assets of an enterprise, and regards human resources as part of the corporate wealth. The Group provides on-the-job training and development opportunities to facilitate our employees' career progression. With the epidemic situation became stable in the Year, more training courses to all levels of employees were organised by the Group, aiming at employees' individual growth and sustainable development. Through different kinds of training, staff's professional knowledge on corporate operations, occupational and management skills are enhanced.

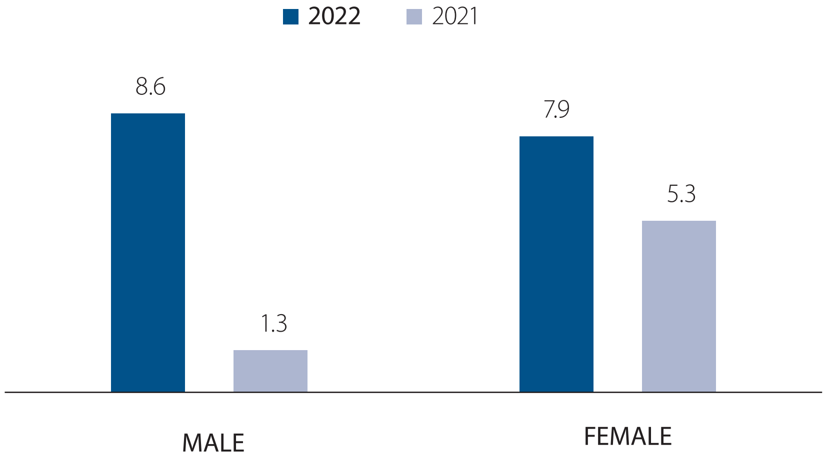
The following tables set forth the percentage of employees trained by gender and employee category for the years ended 31 March 2022 and 2021:

Gender	2022	2021
Female	100%	80.1%
Male	100%	76.9%

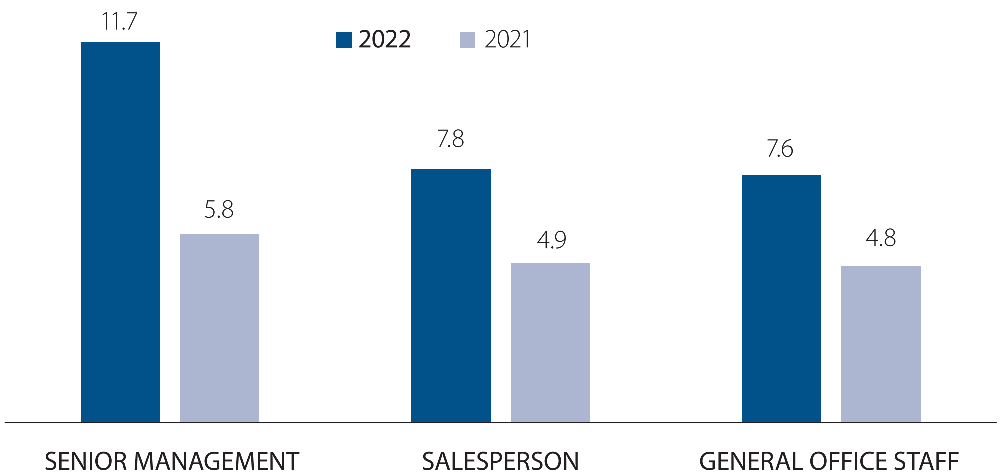
Employee Category	2022	2021
Senior Management	100%	58.3%
General office staff	100%	93.9%
Salesperson	100%	77.3%

The following tables set forth the average training hours completed per employee by gender and employee category for the years ended 31 March 2022 and 2021:

Average Training Hours by Gender



AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY



Gender	2022	2021
Female	7.9 hours	5.3 hours
Male	8.6 hours	1.3 hours

Employee Category	2022	2021
Senior Management	**11.7 hours**	5.8 hours
Salesperson	**7.8 hours**	4.9 hours
General office Staff	**7.6 hours**	4.8 hours

As demonstrated in the tables, the Group provides comprehensive training to our employees. The Group has a high training coverage in 2022 with 100% of our staff are attended training. The Group has maintained a high training level as well, with the training hours for senior management, general office staff and salesperson increase significantly as compared to that in 2021.

Labour standards

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

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

Operating practices

Recognition

The Group has been awarded as "Hong Kong Premier Brand" by the Hong Kong Brand Development Council since 2019. The award assessment is mainly based on the reputation, distinctiveness, innovation, quality, image and the environment performance and social responsibility of the Hong Kong's enterprises. We will continue to achieve high quality product and services to promote Hong Kong's brand.

Supply Chain Management

The Group considers every supplier its important business partner. As a result, the Group determines and applies its environmental, social, and governance criteria to its suppliers through the relevant policy to increase the transparency and accountability within its supply chain system, as follows,

- Observe a high level of business ethics;
- Comply with relevant labour laws and regulations;
- Protect legal interests of employees; and
- Reject providing or accepting any extortion or other improper interests, etc.

The Group quotes and conducts basis tests for all new products or modified products to ensure the quality meets the Group's requirements. According to the product requirements, the Group requires suppliers to provide relevant quality certificates and arranges inspection, and requires them to provide analysis certificate to better monitor product quality.

During the Year, we selected and sourced health supplement products, honey and pollen products and personal care products as finished products from 3 suppliers in Australia and 1 in Japan.

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

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

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

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

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

In the coming year, the Group will continue to review the existing supplier management process to further improve the quality of suppliers, evaluate and manage potential environmental and social impacts of the supply chain, and commit to creating a sustainable supply chain system with its business partners.

Product responsibility

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

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

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

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

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

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

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

The Group has also set up a customer complaint procedures, where customers may contact the Group through different channels, including customer servicing hotline, e-mail, official website, etc., for issues concerning product quality. Where a product must be recalled after verification, the Group will recall the product in accordance with its product recall procedures and notify all parties concerned. The Group also regularly reviews its product recall procedures to ensure complaints are handled in a timely and proper manner. In order to improve service performance, the Group arranges all regional managers to receive relevant trainings and explores and formulates service improvement plans. The Group had no recall action for our products during the Year (2021: Nil). During the Year, the Group received 1 product-related complaint (2021: 1). Senior management participated in investigation and responded to customer in a timely manner.

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

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

Service responsibility

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

Privacy protection

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

Intellectual property rights

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

Anti-corruption

The Group prohibits any bribery, extortion, fraud and money laundering in our business. For the Group's policies, staff are not allowed to receive or offer any advantage such as money, gift, loan, reward, contract and service from or to any business associates. Investigation will be carried out promptly for any suspected incident of fraud and staff will be dismissed if found to have committed fraud. We also have a whistle-blowing policy and encourage the reporting of any suspected corruption issues. Employees can report any misconduct or reasonably suspected corruption to senior management directly and senior management will pass the relevant case to top management of the Group. All reported cases will be handled confidentially to protect the privacy and other legal rights of the whistleblowers.

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

The Group obtained a series of video for corruption prevention training materials from Independent Commission Against Corruption and distributed these video to all employees for daily corruption prevention training.

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

Community

Recognitions

The Group has been awarded the "Caring Company" logo since year 2018/19. "Contribute to community" is a very important part of Ausupreme's ethos.

The Group is one of the companies on the "Inaugural SportsHour Company Scheme Recognised Company List", awarded by the InspiringHK Sports Foundation in September 2021, for the continual support and promotion of healthy living lifestyle for our employees.

Community investment

As a conscientious and responsible company of health supplement products, we care about people's health and well-being, which is why the Group commits to researching and providing excellent quality, pure and natural health products to customers. The Group also actively participates in community services and supports various kinds of charitable organisations.

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

- Baptist Lui Ming Choi Primary School
- Hong Kong Road Safety Association
- Hong Kong St. John Ambulance
- Kowloon City Swatow Christian Church
- Leadership Institute on Narcotics
- Love Family Charity Limited
- Love Foundation Limited
- Po Leung Kuk
- SOBEM
- The Commission on Poverty (Cop) — Project for "Future Stars" Upward Mobility Scholarships
- The Media Evangelism Limited
- The Worldwide Bible Society Limited

- West Kowloon Vineyard

The Group has also participated in numerous community services or activities and has encouraged our staff to participate those activities from time to time. Although the number of these activities were reduced due to the impact of COVID-19 outbreak, the Group still insists on participating in relevant activities as much as possible. During the period of COVID-19 outbreak, the Group did its best to donate anti-epidemic supplies and health products to communities and charities. In addition, the Group has actively participated in the project of "MianYang Herald Gratia Children Village" for many years. This project has provided comfort homes for poor children in China and let them have a healthy growth in physically and mentally.

FEEDBACK

The Group is committed to engaging with its stakeholders to understand their views and respond to their enquiries to foster a better communication. The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please reach the Group via its official channels:

Website: www.ausupreme.com

Email: info@ausupreme.com

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

Independent Auditor's Report

華融(香港)會計師事務所有限公司
Asian Alliance (HK) CPA Limited

TO THE SHAREHOLDERS OF AUSUPREME INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ausupreme International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 88 to 159, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment and right-of-use assets	
As disclosed in Notes 16 and 17 to the consolidated financial statements, as at 31 March 2022, the carrying amounts of property, plant and equipment and right-of-use assets of the Group were approximately HK$26,566,000 and HK$14,738,000 respectively. No impairment loss in respect of property, plant and equipment and right-of-use assets was recognised during the year ended 31 March 2022. The Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Determining whether property, plant and equipment and right-of-use assets are impaired requires an estimation of the value in use of the cash-generating units of each loss making retail store. The value in use calculation requires the Group to estimate the future cash inflows/outflows expected to arise from the cash-generating units by considering the budgeted sales and gross margins which are based on past performance and management's expectations for future changes in the market and taking into account a suitable discount rate to calculate the present value. We consider impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in assessing the recoverable amount of properties, plant and equipment and right-of-use assets.	Our audit procedures in relation to evaluating the impairment assessment of property, plant and equipment and right-of-use assets included: — Understanding the management's basis of identifying impairment indicators and challenged the judgements made in the identification of impairment indicators; — Assessing whether the model used by the management in calculating the value-in-use of the individual cash-generating unit was in compliance with HKAS 36 *Impairment of Assets*; — Understanding the projected cash flows, evaluating the reasonableness of the basis and assumptions related to the forecasted sales performance and the projected gross profit margin, and comparing those inputs against the approved business plan as well as historical performance and our understanding of the latest market information and conditions; — Challenging the management about the basis of their estimation of the timing of easing of quarantine restrictions at the borders and the recovery rates of Mainland tourists and assessed the reasonableness of the estimation with information available as of the year-end date; — Challenging the management about the feasibility of their cost saving measures and assessed the reasonableness of the estimation of percentage change of running cost; and — Evaluating the sensitivity analysis performed by the management by making adjustments to key inputs and assumptions in the impairment assessments and considering whether any reasonably possible adjustments would result in material impairment.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories	
As disclosed in Note 22 to the consolidated financial statements, as at 31 March 2022, the Group's inventories amounted to approximately HK$15,098,000 was included in the Group's consolidated statement of financial position. A reversal of write-down of inventories amounted to approximately HK$150,000 was recognised in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022. The management of the Group estimates the net realisable values of inventories primarily based on the market condition and the latest selling prices of inventories. The identification of obsolete and slow-moving inventories is based on the expiry dates and subsequent usages/sales. The historical record, quality and nature of the inventories are taken into consideration for the measurement of the write-down values of those obsolete and slow-moving inventories. We consider the valuation of inventories as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in determining the net realisable value of the inventories.	Our audit procedures in relation to the management's valuation of inventories included: — Understanding key controls and evaluating the basis of how slow-moving or obsolete inventories are identified by the management and their assessment of the net realisable value of inventories; — Identifying and assessing aged and obsolete inventories when attending physical inventory counts; — Testing the accuracy of the inventory ageing on a sample basis and assessing whether allowance is properly provided for aged inventories or inventories close to expiry dates; — Testing the net realisable values of the inventories by reference to current and subsequent selling price on a sample basis and assessing whether allowance is properly provided for if required; and — Performing retrospective review of the accuracy of management judgements and assumptions relating to the provision for inventories made in the prior year.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and deposits and other receivables	
As disclosed in Notes 6(b) and 23 to the consolidated financial statements, as at 31 March 2022, the Group's trade receivables and deposits and other receivables amounted to approximately HK$7,312,000 and HK$9,033,000, respectively, which were subject to expected credit loss assessment, were included in the Group's consolidated statement of financial position. No impairment losses on trade receivables and deposits and other receivables was recognised in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022. The allowance for credit losses of trade receivables and deposits and other receivables represents the management's best estimates at the end of the reporting period of expected credit losses under Hong Kong Financial Reporting Standard 9: Financial Instruments' Expected Credit Loss (the "**ECL**") Model. As disclosed in Note 6(b) to the consolidated financial statements, the ECL in relation to trade receivables and deposits and other receivables are assessed individually for the debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. The management assessed the ECL based on historical observed default rates and adjusted by forward-looking information that is reasonable and supportable available without undue costs or effort. We consider impairment assessment on trade receivables and deposits and other receivables as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in determining the ECL allowance on the trade receivables and deposits and other receivables.	Our audit procedures in relation to the management's assessment on allowance for credit losses of trade receivables and deposits and other receivables included: — Understanding key controls on how the management estimates the credit loss allowance for trade receivables and deposits and other receivables; — Evaluating the competence, capabilities, independence and objectivity of the independent external valuer engaged by the management, and the scope of the valuer's work; — Assessing the reasonableness and appropriateness of the Group's methodology of ECL model, including the model design and calculation and model inputs in compliance with HKFRS 9; — Testing the integrity of information used by the management to develop the provision matrix, including aging analysis of trade receivables as at 31 March 2022, on a sample basis, by comparing individual items in the analysis with the relevant sale invoices and other supporting documents; — Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 March 2022, including the reasonableness of the management's grouping of the remaining debtors into different categories in the provision matrix and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward looking information); — Reviewing the reasonableness of the management's estimation of deposits and other receivables in expected timing of collection and the credit quality of individual debtors, including the background of the debtors and their credit worthiness and collection history; — Reviewing the repayment history and settlements received subsequent to the reporting period from the debtors; and — Evaluating the disclosures regarding the impairment assessment of trade receivables and deposits and other receivables in Note 6(b) to the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2021.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all 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 THE 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 of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

- 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.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Lam Chik Tong
Practising Certificate Number: P05612

8/F, Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

27 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 HK$'000	2021 HK$'000
Revenue	7	**128,726**	102,907
Cost of sales		**(23,580)**	(18,292)
Gross profit		**105,146**	84,615
Other income	8(a)	**2,038**	13,728
Other gains and losses, net	8(b)	**522**	3,300
Selling and distribution expenses		**(80,998)**	(73,620)
General and administrative expenses		**(29,348)**	(24,005)
Finance costs	9	**(326)**	(544)
(Loss) profit before taxation		**(2,966)**	3,474
Income tax credit	10	**2,123**	370
(Loss) profit for the year	11	**(843)**	3,844
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
— Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(2,052)**	(1,688)
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		**853**	25
Other comprehensive expense for the year, net of tax		**(1,199)**	(1,663)
Total comprehensive (expense) income for the year		**(2,042)**	2,181
		HK cents	HK cents
(Loss) earnings per share	14		
— Basic		**(0.11)**	0.50
— Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**26,566**	27,243
Right-of-use assets	17	**14,738**	11,181
Equity investment at fair value through other comprehensive income	19	**3,454**	5,506
Deposits paid for acquisition of properties	20	**18,672**	17,853
Deferred tax assets	21	**3,804**	1,098
		67,234	62,881
CURRENT ASSETS			
Inventories	22	**15,098**	14,445
Trade and other receivables	23	**18,689**	22,613
Income tax recoverable		**1,750**	1,750
Time deposits	24	**39,144**	40,495
Bank balances and cash	24	**56,156**	59,987
		130,837	139,290
CURRENT LIABILITIES			
Trade and other payables	25	**13,394**	9,988
Dividend payable		**9**	57
Lease liabilities	26	**10,580**	10,855
Provisions	27	**510**	392
Income tax payable		**1,020**	974
		25,513	22,266
NET CURRENT ASSETS		**105,324**	117,024
TOTAL ASSETS LESS CURRENT LIABILITIES		**172,558**	179,905

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	As at 31 March 2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	26	**5,291**	3,259
Provisions	27	**702**	419
		5,993	3,678
NET ASSETS		**166,565**	176,227
CAPITAL AND RESERVES			
Share capital	28	**7,620**	7,620
Reserves		**158,945**	168,607
TOTAL EQUITY		**166,565**	176,227

The consolidated financial statements on pages 88 to 159 were approved and authorised for issue by the Board of Directors on 27 June 2022 and are signed on its behalf by:

CHOY CHI FAI
Director

HO KA MAN
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Equity investment at fair value through other comprehensive income reserve HK$'000	Exchange reserve HK$'000	Capital reserve HK$'000 (Note)	Retained earnings HK$'000	Total HK$'000
At 1 April 2020	7,620	91,288	—	(117)	1,546	81,329	181,666
Profit for the year	—	—	—	—	—	3,844	3,844
Other comprehensive (expense) income	—	—	(1,688)	25	—	—	(1,663)
Total comprehensive (expense) income for the year	—	—	(1,688)	25	—	3,844	2,181
Dividends recognised as distribution (Note 15)	—	—	—	—	—	(7,620)	(7,620)
At 31 March 2021	7,620	91,288	(1,688)	(92)	1,546	77,553	176,227
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(843)**	**(843)**
Other comprehensive (expense) income	**—**	**—**	**(2,052)**	**853**	**—**	**—**	**(1,199)**
Total comprehensive (expense) income for the year	**—**	**—**	**(2,052)**	**853**	**—**	**(843)**	**(2,042)**
Dividends recognised as distribution (Note 15)	**—**	**—**	**—**	**—**	**—**	**(7,620)**	**(7,620)**
At 31 March 2022	**7,620**	**91,288**	**(3,740)**	**761**	**1,546**	**69,090**	**166,565**

Note:

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(2,966)**	3,474
Adjustments for:		
Depreciation of property, plant and equipment	**2,025**	2,214
Depreciation of right-of-use assets	**12,645**	14,178
Interest income	**(102)**	(1,088)
(Reversal of write-down) write-down of obsolete inventories	**(150)**	1,238
Loss on write-off of property, plant and equipment	**3**	10
Finance costs	**326**	544
Impairment losses of right-of-use assets	**—**	2,139
Operating cash flows before movement in working capital	**11,781**	22,709
(Increase) decrease in inventories	**(503)**	1,317
Decrease (increase) in trade and other receivables	**4,745**	(2,466)
Increase in trade and other payables	**2,585**	1,105
Cash generated from operations	**18,608**	22,665
Income tax (paid) refunded	**(537)**	2,698
NET CASH FROM OPERATING ACTIVITIES	**18,071**	25,363
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment	**(1,351)**	(224)
Payments for acquisition of properties	**—**	(17,853)
Withdrawal of time deposits	**1,351**	18,666
Interest received	**102**	1,088
NET CASH FROM INVESTING ACTIVITIES	**102**	1,677
FINANCING ACTIVITIES		
Repayments of lease liabilities	**(14,370)**	(14,442)
Dividend paid to the equity holders	**(7,668)**	(7,569)

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
NET CASH USED IN FINANCING ACTIVITIES	**(22,038)**	(22,011)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,865)**	5,029
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**34**	23
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**59,987**	54,935
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**56,156**	59,987

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

1. GENERAL INFORMATION

Ausupreme International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 17 April 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office E, 28/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 September 2016. The Company's immediate and ultimate holding company is Beatitudes International Ltd. which was incorporated in the British Virgin Islands ("**BVI**") and controlled by Mr. Choy Chi Fai ("**Mr. Choy**") and Ms. Ho Ka Man ("**Mrs. Choy**").

The Company is an investment holding company. During the year, the principal activities of its subsidiaries are set out in Note 30 to the consolidated financial statements.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year are presented in Hong Kong dollars ("**HK$**") which is same as the functional currency of the Company and all values are rounded to the nearest thousand ("**HK$'000**"), except when otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, Hong Kong Accounting Standards ("**HKAS**") 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
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 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.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
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 (the "**Directors**") anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

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; and

- 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, the application of the amendments will not result in reclassification of the Group's liabilities.

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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies (Continued)

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.

Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020 (Continued)

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

3.1 Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost convention except for equity investment at fair value through other comprehensive income ("**FVTOCI**"), which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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 and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration in relation to sale discount, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sales with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies

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

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using rate of exchange prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rate of the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production on supply of goods or services, or for administrative purpose. 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 assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

Refundable rental deposits

Refundable rental deposits paid are accounted 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

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

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

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

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

COVID-19 related rent concessions

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

COVID-19 related rent concessions (Continued)

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method and which comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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 (loss) before tax 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 the reporting period.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax 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 the 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 the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 losses been recognised for the asset (or a cash generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the Directors' best estimate of the expenditure that would be required to restore the assets, Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

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".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee benefits

Short term employee benefits

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Employee benefits (Continued)

Retirement benefit costs

Payments to defined contribution retirement plans are recognised as an expense in profit or loss when employees have rendered service entitling them to the contributions.

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

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

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

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

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

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

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

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 of convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers where are initially measured in accordance with HKFRS 15. 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.

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 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.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

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 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

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

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

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, deposits and other receivables, time 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 ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(a) Significant increase in credit risk

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(b) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

(c) Credit-impaired financial assets

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(d) Write-off policy

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

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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.

Where ECL is measured on a collective basis, the financial instruments are grouped on the following basis:

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(e) Measurement and recognition of ECL (Continued)

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 and deposits and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, dividend payable and lease liabilities 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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Dividend distribution

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The Directors have not come across any significant areas where critical judgements are involved in applying the Group's accounting policies.

Key sources of estimation uncertainty

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

(a) Fair value measurement of equity investment at FVTOCI

The Group's investment in unquoted equity investment of approximately HK$3,454,000 as at 31 March 2022 (2021: HK$5,506,000) is measured at fair value with fair value being determined using valuation techniques based on market approach which including significant unobservable inputs.

Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of this instrument. Details of fair value measurement and equity investment at FVTOCI are disclosed in Notes 6(c) and 19 respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(b) Provision of ECL for trade receivables and deposits and other receivables

The Group uses practical expedient in estimating ECL on trade receivable using a provision matrix. The provision rates are based on aging analysis as groupings of various debtors that have similar loss patterns taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The Group calculates the ECL for the deposits and other receivables by grouping the counterparties with similar nature under general approach. The provision rates are based on internal credit ratings and taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and deposits and other receivables are disclosed in Notes 6(b) and 23 respectively.

(c) Net realisable value of inventories

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

As at 31 March 2022, the carrying amount of inventories is approximately HK$15,098,000 (2021: HK$14,445,000), and reversal of write-down of inventories of approximately HK$150,000 (2021: write-down of inventories of approximately HK$1,238,000) are included in cost of sales in profit or loss. Details of the net realisable value of inventories are disclosed in Note 22.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(d) Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve.

As at 31 March 2022, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were approximately HK$24,671,000 and HK$3,095,000 (2021: HK$25,785,000 and HK$5,914,000) respectively. Details of the impairment testing on property, plant and equipment and right-of-use assets, the Group's property, plant and equipment and right-of-use assets are disclosed in Notes 16, 17 and 18 respectively.

(e) Deferred tax asset

As at 31 March 2022, a deferred tax asset of approximately HK$2,744,000 (2021: Nil) in relation to unused tax losses has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately HK$1,440,000 (2021: HK$10,945,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the COVID-19 pandemic may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes lease liabilities disclosed in Note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The Directors review the capital structure regularly with reference to its debt position and reviews the ratio of its total liabilities over its total assets. The Group's strategy is to maintain the equity and debt position and ensure there is adequate working capital to service its debt obligation. At 31 March 2022 and 2021, the ratio of the Group's total liabilities over its total assets was 16% and 13%, respectively.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
Equity instruments at FVTOCI	**3,454**	5,506
At amortised cost	**111,645**	120,863
Financial liabilities		
At amortised cost	**28,131**	23,338

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity investment at FVTOCI, trade receivables, deposits and other receivables, time deposits, bank balances and cash, trade and other payables, dividend payable and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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 in a timely and effective manner.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Currency risk

(i) Currency risk

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

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

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

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

	Exposure to foreign currencies (expressed in HK$)							
	As at 31 March 2022				As at 31 March 2021			
	JPY	AUD	RMB	USD	JPY	AUD	RMB	USD
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and other receivables	281	319	1,053	741	298	929	852	866
Time deposits	—	5,871	—	—	—	—	—	—
Bank balances and cash	76	65	721	1,247	83	11,492	692	495
Trade and other payables	—	(2,530)	(121)	—	—	(1,700)	(195)	—
Gross exposure arising from recognised assets and liabilities	357	3,725	1,653	1,988	381	10,721	1,349	1,361

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

(ii) Sensitivity analysis

As HK$ is pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies. The Directors considered that the Group's exposures to USD are limited. Accordingly, no sensitivity to fluctuation in USD are presented. The Group therefore is exposed to fluctuations in AUD, RMB and JPY.

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

	As at 31 March 2022		As at 31 March 2021	
	Increase (decrease) in foreign exchange rates	**Effect on profit (loss) after taxation HK$'000**	Increase (decrease) in foreign exchange rates	Effect on profit (loss) after taxation HK$'000
AUD	**5%**	**156**	5%	448
	(5%)	**(156)**	(5%)	(448)
RMB	**5%**	**69**	5%	56
	(5%)	**(69)**	(5%)	(56)
JPY	**5%**	**15**	5%	16
	(5%)	**(15)**	(5%)	(16)

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

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits and fixed-rate short-term bank deposits (see Note 24 for details); and lease liabilities (see Note 26 for details), and exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 24 for details).

The Group cash flow interest rate risk is mainly related to the fluctuation of interest rates arising from the Group's bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements have on interest rate level and outlook.

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Interest income		
Financial assets at amortised cost	**102**	1,088

Interest expense on financial liabilities not measured at FVTPL:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Financial liabilities at amortised cost	**326**	544

(ii) Sensitivity analysis

Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable rate bank balances is insignificant.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

(i) Price risk on equity investment at FVTOCI

The Group is exposed to equity price risk through its investment in equity securities measured at FVTOCI. The Group invested in an unquoted equity securities for investees operating in manufacturing and wholesale of pharmaceutical products' industry sector for long term strategic purposes which had been designated as FVTOCI. The Group does not actively trade this investment. The management will monitor the price movements and take appropriate actions when it is required.

(ii) Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analysis for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 6(c).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, time deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At 31 March 2022, trade receivables from the largest and the five largest wholesaler/consignees amounting to approximately HK$4,001,000 and HK$5,713,000 (2021: HK$4,142,000 and HK$9,326,000) respectively, representing approximately 54.7% and 78.1% (2021: 37.3% and 83.9%) respectively, of the total gross trade receivables.

At 31 March 2022, the Group's concentration of credit risk by geographical location is in Hong Kong as 99.7% (2021: 99.8%) of total gross trade receivables are arisen in Hong Kong.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables arising from ordinary course of business. To measure the expected credit losses, these trade receivables are grouped based on shared credit risk characteristics by reference to past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group considered that no loss allowance is recognised for the years ended 31 March 2022 and 2021.

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition. For the years ended 31 March 2022 and 2021, the Group assessed the ECL for deposits and other receivables are insignificant and thus no loss allowance is recognised.

Time deposits and bank balances

Credit risk on time deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for time deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m 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

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

	Note	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount As at 31 March 2022 HK$'000	HK$'000	As at 31 March 2021 HK$'000	HK$'000
Trade receivables	23	N/A	Low risk	Lifetime ECL (not credit-impaired)	3,123		4,428	
			Watch list	Lifetime ECL (not credit-impaired)	4,189	7,312	6,681	11,109
Deposits and other receivables	23	N/A	Low risk	12m ECL		9,033		9,272
Bank balances	24	Aa3-A3	N/A	12m ECL		56,052		59,892
Time deposits	24	A1-A3	N/A	12m ECL		39,144		40,495

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has 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 maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

At 31 March 2022

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	N/A	12,251	—	—	12,251	12,251
Dividend payable	N/A	9	—	—	9	9
Lease liabilities	1.60–3.78	10,774	4,835	503	16,112	15,871
		23,034	4,835	503	28,372	28,131

At 31 March 2021

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and other payables	N/A	9,167	—	—	9,167	9,167
Dividend payable	N/A	57	—	—	57	57
Lease liabilities	1.60–3.50	11,064	3,275	—	14,339	14,114
		20,288	3,275	—	23,563	23,338

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Directors are responsible for determining 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. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management of the Group works 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 that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 March 2022	31 March 2021			
Private equity investment at FVTOCI — 0.7% equity investment in the ordinary share capital of an investee	Approximately HK$3,454,000	Approximately HK$5,506,000	Level 3	Market approach using Guideline Publicly Traded Company Method (2021: Market approach using both (i) Guideline Merged and Acquired Company Method and (ii) Guideline Publicly Traded Company Method. The fair value was arrived at the average based on these 2 methods which take into account market multiples of comparable companies together with the subscription share prices paid by an independent third party near 31 March 2021).	A number of market multiples have been considered, including but not limited to: price-to-earning of approximately 27.5 and enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") multiples of approximately 12.7. (2021: A number of market multiples have been considered, including but not limited to: price-to-earning of approximately 31.8 and enterprise value-to-EBITDA multiples of approximately 12.2. The subscription share price amounting to approximately AUD2.08 per share (equivalent to approximately HK$12.30 per share) was determined to be under arm's length negotiations. Given that (i) the share issue was the most recent transaction; and (ii) the shares were issued to an individual investor which was unrelated party of the investee, it was considered appropriate to use it as the basis of the valuation.)

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair values measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Equity instruments at FVTOCI HK$'000
At 1 April 2020	7,194
Total loss in other comprehensive income	(1,688)
At 31 March 2021	5,506
Total loss in other comprehensive income	(2,052)
At 31 March 2022	**3,454**

As at 31 March 2022, an increase in the price-to-earnings and enterprise value-to-EBITDA as the input of the valuation would result in an increase in the fair value measurement of the equity investment at FVTOCI and vice versa.

If the price-to-earnings multiples of the respective equity instruments had been 10.0% higher/lower, the carrying amount of the equity investment at FVTOCI for the year ended 31 March 2022 would increase/decrease by approximately HK$34,000 (2021: HK$6,000).

If the enterprise value-to-EBITDA multiples of the respective equity instruments had been 10.0% higher/lower, the carrying amount of the equity investment at FVTOCI for the year ended 31 March 2022 would increase/decrease by approximately HK$26,000 (2021: HK$14,000).

As at 31 March 2021, an increase in the subscription price as the input of the valuation would result in an increase in the fair value measurement of the equity investment at FVTOCI and vice versa. A 10.0% increase in the subscription price holding all other variables constant would increase the carrying amount of the equity investment in FVTOCI by approximately HK$75,000.

During the years ended 31 March 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

7. REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Types of goods		
Health supplement products	**122,675**	97,846
Honey and pollen products	**1,879**	1,821
Personal care products	**4,172**	3,240
Total	**128,726**	102,907
Timing of revenue recognition		
A point in time	**128,726**	102,907
Sales channel		
Specialty stores	**36,989**	32,100
Consignment counters	**62,835**	47,382
E-commerce	**17,584**	16,563
Other sales channels	**11,318**	6,862
Total	**128,726**	102,907

(ii) Performance obligations for contracts with customers

Revenue from retail and wholesale of health and personal care products is recognised at a point in time upon the delivery of the health and personal care products to the customers or, in case of consignment sales through consignees, upon collection of the products by end-customers, which is the point of time when customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. The payment terms are generally within 0 to 60 days.

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

All contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

Information reported to the board of directors of the Company (the "**Board**"), being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segment under HKFRS 8 *Operating Segments* is retail and wholesale of health and personal care products.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from retail and wholesale of health and personal care products for the years ended 31 March 2022 and 2021.

(i) Geographical information

The Group's major operations are located in Hong Kong, Mainland China, Macau and Singapore.

Information about the Group's revenue from external customers is presented based on the location where the goods are delivered. Information about the Group's non-current assets, excluding deferred tax assets and financial instruments, is presented based on the geographical location of the assets.

	Revenue from external customers Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Hong Kong	**85,667**	69,713
Mainland China	**16,805**	16,350
Macau	**24,673**	15,478
Singapore	**1,581**	1,366
	128,726	102,907

	Non-current assets As at 31 March	
	2022	2021
	HK$'000	HK$'000
Hong Kong	**40,743**	38,137
Mainland China	**18,672**	17,870
Macau	**333**	189
Singapore	**228**	81
	59,976	56,277

7. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Information about major customers and wholesaler/consignees

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Consignee A	**36,202**	24,881
Wholesaler/Consignee B	**N/A[1]**	10,346

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. OTHER INCOME, OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Bank interest income on bank deposits	**102**	1,088
Government grants (Note i)	**1,432**	10,156
Rent concession income (Note ii)	**322**	2,232
Others	**182**	252
	2,038	13,728

8. OTHER INCOME, OTHER GAINS AND LOSSES, NET (Continued)

(a) Other income (Continued)

Notes:

(i) During the year ended 31 March 2022, the Group recognised government grants approximately HK$197,000 under certain subsidy schemes launched by the Hong Kong Government and the Government of Singapore.

During the year ended 31 March 2022, the Group received government fund of approximately HK$1,235,000 (2021: HK$284,000) from the Hong Kong Government under the Dedicated Fund on Branding, Upgrading and Domestic Sales for projects held in Mainland China and Singapore.

During the year ended 31 March 2021, the Group recognised government grants includes cash subsidies granted by the Hong Kong Government under the Anti-epidemic Fund amounting to HK$960,000 from the Retail Sector Subsidy Scheme granted to 12 eligible specialty stores of the Group, approximately HK$8,394,000 from the Employment Support Scheme and HK$20,000 from One-off Subsidy (Goods Vehicles) for 2 eligible goods vehicles. The remaining grants of approximately HK$498,000 were granted from other subsidy schemes launched by the Government of Macau and the Government of Singapore.

The Group has complied with all of the conditions for these government grants.

(ii) The rent concession income is mainly related to the outbreak of the COVID-19. Certain landlords have offered different extents of rent concession. Details are disclosed in Note 17.

(b) Other gains and losses, net

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Loss on written-off of property, plant and equipment	**(3)**	(10)
Net foreign exchange gains	**525**	3,310
	522	3,300

9. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Interest on lease liabilities	**326**	544

10. INCOME TAX CREDIT

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**51**	—
PRC Enterprise Income Tax ("**EIT**")	**15**	4
Macau Complementary Tax	**517**	321
	583	325
Overprovision in prior years:		
Hong Kong Profits Tax	**—**	(20)
Macau Complementary Tax	**—**	(291)
	—	(311)
Deferred tax (Note 21)		
Current year	**(2,706)**	(384)
Total	**(2,123)**	(370)

Notes:

(a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

No provision for taxation in Hong Kong has been made as the Group did not generated any assessable profits arising in Hong Kong for the year ended 31 March 2021.

(b) Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% for both years. Certain subsidiaries of the Company in Mainland China satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.

(c) Singapore Corporate Income Tax is calculated at 17% of its chargeable income for both years. No provision for taxation in Singapore has been made for the years ended 31 March 2022 and 2021.

10. INCOME TAX CREDIT (Continued)

Notes: (Continued)

(d) According to the Macau Complementary Tax Law, Macau Complementary Tax is calculated at progressive rates up to 12% (2021: progressive rates up to 12%) on the estimated taxable profits arising in Macau during the year with an exemption allowance amounted to Macau Pataca ("**MOP**") 600,000 (equivalent to approximately HK$583,000) (2021: MOP600,000 (equivalent to approximately HK$583,000)) as tax relief measures which are managed by the Financial Services Bureau.

The income tax credit for the years can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
(Loss) profit before taxation	**(2,966)**	3,474
Tax at domestic income tax rate	**(674)**	483
Tax effect of non-deductible expenses for tax purpose	**341**	263
Tax effect of non-taxable income for tax purpose	**(151)**	(2,352)
Tax effect of tax losses not recognised	**85**	1,695
Utilisation of tax losses previously not recognised	**(22)**	(78)
Tax effect of tax losses previously not recognised but recognised in current year	**(1,632)**	—
Tax effect of tax exemption under Macau Complementary Income Tax	**(70)**	(70)
Over-provision in prior years	**—**	(311)
Income tax credit	**(2,123)**	(370)

11. (LOSS) PROFIT FOR THE YEAR

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments (Note 12):		
Salaries and allowances	**43,599**	36,871
Contributions to retirement benefits scheme	**1,659**	1,538
Total staff costs	**45,258**	38,409
Staff costs including in selling and distribution expenses	**(24,648)**	(22,463)
Staff costs including in general and administrative expenses	**20,610**	15,946
Depreciation of:		
— Property, plant and equipment	**2,025**	2,214
— Right-of-use assets	**12,645**	14,178
Total depreciation	**14,670**	16,392
Depreciation including in selling and distribution expenses	**(11,485)**	(13,445)
Depreciation including in general and administrative expenses	**3,185**	2,947
Net foreign exchange gains	**(525)**	(3,310)
Auditors' remuneration		
— Audit services	**684**	778
Cost of inventories recognised as expense	**23,580**	18,292
Impairment losses of right-of-use assets including in selling and distribution expenses	**—**	2,139
(Reversal of write-down) write-down of obsolete inventories	**(150)**	1,238
Consignment expenses (Note)	**25,153**	19,388
Advertising and promotion expense including in selling and distribution expenses	**11,803**	9,851
Donations	**215**	272

Note:

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

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contribution to retirement benefits schemes HK$'000	Total HK$'000
Year ended 31 March 2022				
Executive directors:				
Mr. Choy	**—**	**2,219**	**29**	**2,248**
Mrs. Choy	**—**	**1,976**	**29**	**2,005**
Mr. Ho Chun Kit, Saxony	**—**	**1,014**	**18**	**1,032**
Mr. Au Chun Kit	**—**	**1,603**	**18**	**1,621**
Independent non-executive directors:				
Prof. Luk Ting Kwong	**180**	**—**	**—**	**180**
Mr. Ko Ming Kin	**180**	**—**	**—**	**180**
Dr. Wan Cho Yee	**180**	**—**	**—**	**180**
	540	**6,812**	**94**	**7,446**
Year ended 31 March 2021				
Executive directors:				
Mr. Choy	—	1,212	13	1,225
Mrs. Choy	—	1,083	13	1,096
Mr. Ho Chun Kit, Saxony	—	878	18	896
Mr. Au Chun Kit	—	776	18	794
Independent non-executive directors:				
Prof. Luk Ting Kwong	158	—	—	158
Mr. Ko Ming Kin	158	—	—	158
Dr. Wan Cho Yee	158	—	—	158
	474	3,949	62	4,485

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

(i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2021: Nil). Mr. Choy and Mrs. Choy waived their emoluments in the Company from 1 April 2020 to 29 June 2020 and from 1 July 2020 to 31 August 2020 for 100% and 25%, respectively. Mr. Ho Chun Kit, Saxony and Mr. Au Chun Kit waived their emoluments from 1 April 2020 to 30 May 2020 and from 1 June 2020 to 31 August 2020 for 50% and 25%, respectively. Prof. Luk Ting Kwong, Mr. Ko Ming Kin and Dr. Wan Cho Yee waived their emolument from 1 June 2020 to 31 August 2020 for 50% respectively. During the year ended 31 March 2022, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration.

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

(iii) Mr. Choy is the chairman of the Board. Mr. Choy and Mrs. Choy are regarded as the Co-Chief Executive Officer of the Company.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four (2021: four) directors details of whose remuneration are set out in Note 12. Details of the remuneration for the year of the remaining one (2021: one) highest paid employee who is neither a director nor chief executive of the Company is as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Salaries and allowances	**907**	582
Contributions to retirement benefits schemes	**18**	18
	925	600

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

	Year ended 31 March	
	2022	2021
	Number of individuals	Number of individuals
Nil — HK$1,000,000	**1**	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2021: Nil).

14. (LOSS) EARNINGS PER SHARE

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

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earning per share	**(843)**	3,844

	As at 31 March	
	2022	2021
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**762,000**	762,000

No diluted (loss) earnings per share for both years ended 31 March 2022 and 2021 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2022 and 2021.

15. DIVIDEND

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Final dividend — HK1 cent per share	**—**	7,620
2021 Final dividend — HK1 cent per share	**7,620**	—

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2022 of HK1 cent (2021: final dividend in respect of the year ended 31 March 2021 of HK1 cent) per ordinary share, in an aggregate amount of HK$7,620,000 (2021: HK$7,620,000), has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvement HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2020	29,426	6,445	2,827	1,294	39,992
Additions	—	125	99	—	224
Write-off	—	—	(378)	—	(378)
At 1 April 2021	**29,426**	**6,570**	**2,548**	**1,294**	**39,838**
Additions	**—**	**828**	**523**	**—**	**1,351**
Write-off	**—**	**—**	**(13)**	**—**	**(13)**
Exchange adjustments	**—**	**—**	**1**	**—**	**1**
At 31 March 2022	**29,426**	**7,398**	**3,059**	**1,294**	**41,177**
Accumulated depreciation					
At 1 April 2020	2,868	4,650	2,009	1,222	10,749
Charge for the year	972	847	323	72	2,214
Written back on write-off	—	—	(368)	—	(368)
At 1 April 2021	**3,840**	**5,497**	**1,964**	**1,294**	**12,595**
Charge for the year	**972**	**726**	**327**	**—**	**2,025**
Written back on write-off	**—**	**—**	**(10)**	**—**	**(10)**
Exchange adjustments	**—**	**—**	**1**	**—**	**1**
At 31 March 2022	**4,812**	**6,223**	**2,282**	**1,294**	**14,611**
Carrying amount:					
At 31 March 2022	**24,614**	**1,175**	**777**	**—**	**26,566**
At 31 March 2021	25,586	1,073	584	—	27,243

Details of impairment assessment on property, plant and equipment are set out in Note 18.

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

Leasehold land and buildings	Over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years
Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture and fixtures	5 years
Motor vehicles	3 years

17. RIGHT-OF-USE ASSETS

	Office premises HK$'000	Speciality stores HK$'000	Total HK$'000
At 1 April 2020	2,226	18,910	21,136
Additions	—	6,352	6,352
Depreciation	(1,411)	(12,767)	(14,178)
Impairment losses recognised in profit or loss	—	(2,139)	(2,139)
Exchange adjustments	9	1	10
At 31 March 2021	**824**	**10,357**	**11,181**
Additions	**4,709**	**11,490**	**16,199**
Depreciation	**(1,729)**	**(10,916)**	**(12,645)**
Exchange adjustments	**3**	**—**	**3**
At 31 March 2022	**3,807**	**10,931**	**14,738**

	Year ended 31 March 2022 HK$'000	2021 HK$'000
Expense relating to short-term leases	**95**	45
Variable lease payments not included in the measurement of lease liabilities	**64**	41
Total cash outflow for leases	**14,529**	14,528

For both years, the Group leases various speciality stores and office premises for its operations. Lease contracts are entered into for fixed term of 1 to 3 years (2021: 1 to 3 years) but may have termination options as described below. Lease terms are negotiated on an individual basis and contain 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 contracts is enforceable.

17. RIGHT-OF-USE ASSETS (Continued)

In addition to the portfolio of short-term leases for a car park which are regularly entered into by the Group, the Group entered into several short-term leases for office premises located in Mainland China and Singapore during the year ended 31 March 2022. As at 31 March 2022, there is no outstanding lease commitments relating to the car park and an office premises. For the year ended 31 March 2021, the Group regularly entered into short-term lease for a car park.

In addition, lease liabilities of approximately HK$15,871,000 (2021: HK$14,114,000) are recognised with related right-of-use assets of approximately HK$14,738,000 (2021: HK$11,181,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Variable lease payments

Leases of specialty stores are either with only fixed lease payments or contain variable lease payment that are based on 10.0% to 30.0% (2021: 10.0% to 18.0%) sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/ payable to relevant lessors during the year:

	Number of stores	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
For the year ended 31 March 2022				
Specialty stores without variable lease payments	**2**	**227**	**—**	**227**
Specialty stores with variable lease payments	**16**	**12,356**	**64**	**12,420**
	18	**12,583**	**64**	**12,647**

	Number of stores	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
For the year ended 31 March 2021				
Specialty stores without variable lease payments	2	248	—	248
Specialty stores with variable lease payments	14	12,712	41	12,753
	16	12,960	41	13,001

17. RIGHT-OF-USE ASSETS (Continued)

Variable lease payments (Continued)

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

Termination options

The Group has termination option in a lease for an office premise (2021: office premise). The Group assesses at lease commencement date whether it is reasonably certain not to exercise the termination options. The Directors are reasonably certain the Group will not exercise such termination option.

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant change in circumstances that is within the control of the leasee. During the year, there is no such triggering event (2021: Nil).

Rent concessions

During the year ended 31 March 2022, lessors of the relevant specialty stores provided rent concessions that occurred as a direct consequence of the COVID-19 pandemic to the Group through rent reductions ranging from 8.0% to 50.0% (2021: 8.0% to 50.0%) over 1 to 3 months (2021: 1 to 12 months).

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS16.46B, 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 approximately HK$322,000 (2021: HK$2,232,000) were recognised as negative variable lease payments.

18. IMPAIRMENT TESTING ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The Directors regard each specialty store as an individual cash-generating unit. At 31 March 2022, certain specialty stores continued to underperform, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and certain right-of-use assets with carrying amounts of approximately HK$24,671,000 and HK$3,095,000 (2021: HK$25,785,000 and HK$5,914,000) respectively.

The Group estimates the recoverable amounts of the leasehold land and buildings included in the property, plant and equipment based on higher of fair value less costs of disposal and value in use, with reference to the valuation performed by LCH (Asia-Pacific) Surveyors Limited, ("**LCH**"), an independent qualified professional valuer not connected to the Group. The recoverable amount of the leasehold land and buildings was determined based on the direct comparison approach by assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. The fair value measurement is categorised into Level 3 fair value hierarchy. The carrying amount of leasehold land and buildings does not exceed the recoverable amount based on fair value less costs of disposal and no impairment has been recognised.

18. IMPAIRMENT TESTING ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

In addition, the Group estimates the recoverable amount of the cash-generating units of certain specialty stores to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

In determining the recoverable amount of the cash generating units of those specialty stores as at 31 March 2022, the Group engages Masterpiece Valuation Advisory Limited ("**Masterpiece**"), an independent qualified professional valuer not connected to the Group, to perform the valuation. The Directors work closely with Masterpiece, to establish the appropriate valuation techniques and inputs to the model. The recoverable amount has been determined with reference to value in use calculation based on discounted cash flow approach. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease terms of the individual specialty stores. The discount rate applied to cash flow projection is 11.0% (2021: 10.5%). Another key assumption in the calculation is the budgeted revenue and the budgeted gross margin, which is determined based on the past performance of the individual specialty stores and management's expectations for the market development. The growth rates and discount rate have been reassessed as at 31 March 2022 taking into consideration higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve.

At 31 March 2022, based on the result of the assessment of the recoverable amount, the impairment loss is considered to be insignificant and therefore no impairment loss was recognised against the property, plant and equipment and right-of-use assets. Management believes that any reasonably possible change in any of these assumptions would not result in material impairment which is required to be recognised.

At 31 March 2021, based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is lower than the carrying amount. The impairment amount has been allocated to right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of approximately HK$2,139,000 has been recognised against the carrying amount of right-of-use assets within the relevant functions to which these assets relate.

19. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Unlisted equity investments in Australia, at fair value	**3,454**	5,506

The above unlisted equity investments represent the Group's equity interest in Homart Group Pty Limited, which is an unlisted entity in Australia. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would be inconsistent with the Group's strategy of holding this investment for long-term purpose and realising its performance potential in the long run.

20. DEPOSITS PAID FOR ACQUISITION OF PROPERTIES

	As at 31 March 2022 HK$'000	2021 HK$'000
Deposits paid for acquisition of properties	**18,672**	17,853

Note:

During the year ended 31 March 2021, the Group entered into agreements with property developers for acquiring certain properties located in Mainland China for aggregate consideration properties of approximately HK$17,853,000. As at 31 March 2022 and 31 March 2021, the development of the properties were not yet completed and hence the properties were not yet transferred to the Group. The properties being acquired are commercial, office and residential use.

21. DEFERRED TAX ASSETS (LIABILITIES)

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Tax losses HK$'000	Unrealised profit on inventories HK$'000	Amortisation and depreciation HK$'000	Retirement benefit obligation HK$'000	Impairment losses of right-of-use assets HK$'000	Total HK$'000
At 1 April 2020	—	19	451	244	—	714
Credited (charged) to profit or loss	—	2	95	(66)	353	384
At 31 March 2021	—	21	546	178	353	1,098
Credited (charged) to profit or loss	**2,744**	**18**	**1**	**30**	**(87)**	**2,706**
At 31 March 2022	**2,744**	**39**	**547**	**208**	**266**	**3,804**

At the end of the reporting period, the Group has tax losses of approximately HK$18,069,000 (2021: HK$10,945,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$16,629,000 (2021: Nil) of such losses. No deferred tax asset has been recognised in respect of the tax losses of approximately HK$1,440,000 (2021: HK$10,945,000) due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

22. INVENTORIES

	As at 31 March 2022 HK$'000	2021 HK$'000
Health and personal care products	**15,098**	14,445

The reversal of write-down of inventories made in prior years arose when certain circumstances that previously caused inventories to be written down below cost no longer existed.

23. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Trade receivables (Note (a))	**7,312**	11,109
Other receivables	**663**	729
Deposits and prepayments (Note (b))	**10,714**	10,775
	18,689	22,613

Notes:

(a) As at 1 April 2020, trade receivables from contracts with customers amounted to approximately HK$7,229,000.

The Group usually allows a credit period of 0 to 60 days (2021: 0 to 60 days) to its trade customers and consignees. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Within 30 days	**3,209**	4,531
31–60 days	**3,827**	3,032
61–90 days	**224**	3,094
Over 90 days	**52**	452
	7,312	11,109

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$4,305,000 (2021: HK$6,864,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$52,000 (2021: Nil) has been past due 60 days or more and is not considered as in default as the counterparties are mainly well-known chain stores in Hong Kong and have good repayment history.

(b) As at 31 March 2022, included in deposits and prepayments with an amount of approximately HK$6,824,000 (2021: HK$6,667,000), represents rental deposits in respect of the leases of specialty shops and office premises.

As at 31 March 2022, included in deposits and prepayments with an amount of approximately HK$1,008,000 (2021: HK$1,008,000), represents the prepaid spokesperson fee.

Details of impairment assessment of trade and other receivables for the years ended 31 March 2022 and 2021 are set out in Note 6(b).

24. BANK BALANCES AND CASH/TIME DEPOSITS

Bank balances carry interest at variable market rates.

Short-term bank deposits included in the bank balance and cash and time deposits at 31 March 2022 and 31 March 2021 represented bank deposits placed in banks in Hong Kong. The interest rate ranged from 0.10% to 0.60% (2021: 0.05% to 0.50%) per annum.

Included in the bank balances and cash are the following amounts which are subject to foreign exchange control regulations and not freely transferable:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Amounts denominated in RMB	**2,020**	2,173

Details of impairment assessment of bank balances and time deposits for the years ended 31 March 2022 and 2021 are set out in Note 6(b).

25. TRADE AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Trade payables (Note a)	**3,484**	1,700
Contract liabilities (Note b)	**1,143**	821
Accrued staff costs	**6,069**	5,419
Other payables and accruals (Note c)	**2,698**	2,048
	13,394	9,988

Notes:

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Within 30 days	1,280	393
31–90 days	2,204	1,307
	3,484	1,700

The average credit period on purchases of goods is 0 to 90 days (2021: 0 to 90 days).

25. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(b) Details of contract liabilities as at the end of the reporting period are as follows:

	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000
Receipt in advance from customers	**1,143**	**821**

As at 1 April 2020, contract liabilities amounted to approximately HK$426,000.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current liabilities based on the Group's earliest obligation to transfer goods to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Receipt in advance from customers HK$'000
For the year ended 31 March 2022	
Revenue recognised that was included in the contract liability balance at the beginning of the year	**821**
For the year ended 31 March 2021	
Revenue recognised that was included in the contract liability balance at the beginning of the year	426

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Contract liabilities include short-term advances received arising from wholesale orders. The increase in contract liabilities for the year ended 31 March 2022 was mainly due to the increase in wholesale activity at the end of the year.

In general, the Group receives full amount of the wholesale orders as deposit in advance before the arrangement of shipment, this will give rise to contract liabilities at the start of a contract.

(c) Other payables and accruals mainly include the followings:

(i) approximately HK$630,000 (2021: HK$133,000) represented outstanding advertising and promotion expenses; and

(ii) approximately HK$1,079,000 (2021: HK$1,111,000) represented accrued legal and professional fee.

26. LEASE LIABILITIES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Lease liabilities payable:		
Within one year	**10,580**	10,855
Within a period of more than one year but not exceeding two years	**4,790**	3,259
Within a period of more than two years but not exceeding five years	**501**	—
	15,871	14,114
Less: Amount due for settlement with 12 months shown under current liabilities	**(10,580)**	(10,855)
Amount due for settlement after 12 months shown under non-current liabilities	**5,291**	3,259

The incremental borrowing rates applied to lease liabilities range from 1.60% to 3.78% (2021: 1.60% to 3.50%).

27. PROVISIONS

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

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
At the beginning of the year	**811**	711
Provisions made during the year	**401**	100
At the end of the year	**1,212**	811
Less: Non-current portion	**(702)**	(419)
Current portion classified as current liabilities	**510**	392

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

28. SHARE CAPITAL

	As at 31 March			
	2022		2021	
	Number of shares	**Share capital HK$'000**	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each in the share capital of the Company				
Authorised:				
As at 1 April and 31 March	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
As at 1 April and 31 March	**762,000,000**	**7,620**	762,000,000	7,620

29. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The key management comprises all the Directors, details of their remuneration are disclosed in Note 12 to the consolidated financial statements.

The remuneration of the Directors are determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) Other related party transactions

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

	Year ended 31 March	
	2022 HK$'000	2021 HK$'000
Payment of lease liabilities	**870**	600

The above payments were paid to Prof Kiu International Limited ("**Prof Kiu**"), which is controlled by certain Directors, in accordance with the terms of underlying contracts. The Directors are of the opinion that the above transactions were entered in normal course of business.

(ii) Lease liabilities payable to Prof Kiu:

	As at 31 March	
	2022 HK$'000	2021 HK$'000
Within 1 year	**960**	150
After 1 year but within 5 years	**1,200**	—
	2,160	150

30. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are as follows:

Name	Place of incorporation/ operations	Class of shares held	Issued and fully paid share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	
Truth & Faith International Limited	Hong Kong	Ordinary share	HK$10,000	—	—	100%	100%	—	—	100%	100%	Retail and wholesale of health and personal care products
Truth & Faith International (Macau) Limited	Macau	Ordinary share	MOP50,000	—	—	100%	100%	—	—	100%	100%	Retail of health and personal care products in Macau
Miracle Natural Products Limited	Hong Kong	Ordinary share	HK$2	—	—	100%	100%	—	—	100%	100%	Wholesale of health and personal care products
Ausupreme International Limited	Hong Kong	Ordinary share	HK$2	—	—	100%	100%	—	—	100%	100%	Holding of trademarks
Ausupreme International Trade (Shenzhen) Co., Limited*+ 澳至尊國際貿易(深圳)有限公司	The PRC	Registered capital	HK$5,000,000	—	—	100%	100%	—	—	100%	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC
Ausupreme International Trade (Hainan Province) Co., Limited*+ (Note a) 澳至尊國際貿易(海南省)有限公司	The PRC	Registered capital	HK$7,500,000	—	—	100%	100%	—	—	100%	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment
Miracle Trading (Zhuhai) Company Limited*+ (Note a) 奇恩貿易(珠海)有限公司	The PRC	Registered capital	RMB6,000,000	—	—	100%	100%	—	—	100%	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment

30. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name	Place of incorporation/ operations	Class of shares held	Issued and fully paid share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	
Hulotte International Limited	Hong Kong	Ordinary share	HK$1	—	—	100%	100%	—	—	100%	100%	Properties investment
Faithfulness International Limited	BVI	Ordinary share	US$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Gentleness International Limited	BVI	Ordinary share	US$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Goodness International Limited	BVI	Ordinary share	US$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Patience International Limited	BVI	Ordinary share	US$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Nature's Elite Limited	BVI	Ordinary share	US$1	100%	100%	—	—	100%	100%	—	—	Investment holding
Deerfield Global Limited	BVI	Ordinary share	US$1	100%	100%	—	—	100%	100%	—	—	Investment holding
Ausupreme International (Singapore) Pte. Ltd.	Singapore	Ordinary share	Singapore dollars 200,000	—	—	100%	100%	—	—	100%	100%	Retail and wholesale of health and personal care products

* For identification purpose only

+ A wholly foreign owned enterprise established in the PRC.

Note a: Those subsidiaries are newly incorporated during the year ended 31 March 2021.

31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Non-current assets		
Deferred tax assets	**73**	—
Investment in subsidiaries	**31**	31
	104	31
Current assets		
Prepayments	**113**	150
Amounts due from subsidiaries	**108,712**	114,400
Bank balances and cash	**782**	975
	109,607	115,525
Current liabilities		
Accruals	**959**	859
Dividend payable	**9**	57
	968	916
Net current assets	**108,639**	114,609
Net assets	**108,743**	114,640
Capital and reserves		
Share capital	**7,620**	7,620
Reserves (Note)	**101,123**	107,020
Total equity	**108,743**	114,640

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 27 June 2022 and are signed on its behalf by:

CHOY CHI FAI
Director

HO KA MAN
Director

31. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note: Movements of the Company's reserves are as follows:

	Share premium HK$'000	Retained profit HK$'000	Total HK$'000
At 1 April 2020	91,260	13,727	104,987
Profit and total comprehensive income for the year	—	9,653	9,653
Dividends recognised as distribution	—	(7,620)	(7,620)
At 31 March 2021	91,260	15,760	107,020
Profit and total comprehensive income for the year	—	1,723	1,723
Dividends recognised as distribution	—	(7,620)	(7,620)
At 31 March 2022	**91,260**	**9,863**	**101,123**

32. RETIREMENT BENEFITS PLANS

Hong Kong

The Group operates a Mandatory Provident Fund Scheme (the "**Scheme**") for all 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. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

Mainland China

The employees of the Group's subsidiaries in Mainland China are members of the state-managed retirement benefits scheme operated by the government of PRC. The subsidiaries in Mainland China are required to contribute a certain percentage of the payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

Singapore

The Group operates a Central Provident Fund Scheme (the "**CPF Scheme**") under the Central Provident Fund Act (Chapter 36 of the Laws of Singapore) for employees employed under the jurisdiction of the Employment Act (Chapter 91 of the Laws of Singapore). The CPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the CPF Scheme, the employer and its employees are each required to make contributions to the CPF Scheme at generally 17% and 20% of the employees' relevant income. There are different Central Provident Fund contribution rates applied to the senior workers aged 55 and above. Contributions to the CPF Scheme vest immediately.

32. RETIREMENT BENEFITS PLANS (Continued)

Macau

Employees in Macau participate in a Social Security Fund which is a mandatory scheme under the regulations of Macao's Social Security System. The employer and the employees are required to make a total contribution of MOP90.00 per month (equivalent to HK$87.40 per month).

The total expense recognised in profit or loss of approximately HK$1,659,000 (2021: HK$1,538,000) represents contributions paid and payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2022, contributions of approximately HK$123,000 (2021: HK$131,000) due in respect of the year ended 31 March 2022 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

At 31 March 2022 and 31 March 2021, the Group had no forfeited contribution available to reduce its contributions to the retirement benefit schemes in future years.

33. RECONCILIATION OF 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 flow were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities:

	Lease liabilities HK$'000
At 1 April 2020	21,750
Change from cash flows:	
Repayments of leases	(14,442)
Non-cash changes:	
New leases entered/lease modified	6,252
Interest expenses	544
Exchange adjustments	10
	6,806
At 31 March 2021	**14,114**
Change from cash flows:	
Repayments of leases	**(14,370)**
Non-cash changes:	
New leases entered/lease modified	**15,798**
Interest expenses	**326**
Exchange adjustments	**3**
	16,127
At 31 March 2022	**15,871**

34. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2022, the Group entered into a lease agreement for an office premise as warehouse located in Hong Kong for 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK$2,802,000 and HK$2,802,000 respectively.

(b) During the year ended 31 March 2022, the Group entered into a lease agreement for office premises for office use located in Hong Kong and Singapore for 2 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK$1,907,000 and HK$1,907,000 respectively.

(c) During the year ended 31 March 2022, the Group entered into 10 lease agreements for 9 specialty shops located in Hong Kong and 1 specialty shop located in Macau for 1 to 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK$11,490,000 and HK$11,089,000 respectively.

(d) During the year ended 31 March 2021, the Group entered into 6 lease agreements for 5 specialty shops located in Hong Kong and 1 store at Mainland China for 1 to 2 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK$6,352,000 and HK$6,252,000 respectively.

35. COMPARATIVE FIGURES

During the year ended 31 March 2022, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current year's presentation:

	Previous reported HK$'000	Reclassification HK$'000	As restated HK$'000
Consolidated statement of financial position			
Rental deposits	3,619	(3,619)	—
Trade and other receivables	18,994	3,619	22,613

36. EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following events after the reporting period.

As at 26 April 2022, the Group obtained vacant procession for certain properties from a property developer. The ownership of the certain properties transferred to the Group at the same date and approximately RMB1,505,000 (equivalent to approximately HK$1,857,000) included in deposits for acquisition of properties was recognised as investment properties.

Five-Year Financial Summary

	Year ended 31 March 2022 HK$'000	Year ended 31 March 2021 HK$'000	Year ended 31 March 2020 HK$'000	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000
RESULTS					
Revenue	**128,726**	102,907	210,543	289,329	242,500
(Loss) profit before taxation	**(2,966)**	3,474	14,432	37,148	14,883
Income tax credit (expense)	**2,123**	370	(2,385)	(5,938)	(2,353)
(Loss) profit for the year	**(843)**	3,844	12,047	31,210	12,530
Total comprehensive (expense) income for the year	**(2,042)**	2,181	12,002	31,138	12,530

	As at 31 March 2022 HK$'000	As at 31 March 2021 HK$'000	As at 31 March 2020 HK$'000	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
ASSETS AND LIABILITIES					
Total assets	**198,071**	202,171	214,686	208,230	179,677
Total liabilities	**(31,506)**	(25,944)	(33,020)	(20,076)	(15,161)
Net assets	**166,565**	176,227	181,666	188,154	164,516
Total equity	**166,565**	176,227	181,666	188,154	164,516