Sa Sa International Holdings Limited
Stock Code : 178

Annual Report 2021/22

Beyond Beauty

About Sa Sa

Established in 1978, Sa Sa is a leading beauty product retailing group in Asia.

Listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1997 (Stock code: 178), our business covers Hong Kong and Macau SARs, Mainland China and Malaysia. We position ourselves as one-stop beauty product specialty stores with a business focus on “Beauty”. We provide diverse quality products under more than 600 brands ranging from skincare, fragrance, make-up, hair care and body care products, health & fitness products as well as beauty gadgets.

Our diversified e-commerce platforms offer round-the-clock online shopping services along with comprehensive product information to customers from different countries. In line with the new retail era, we are integrating our physical and online business presence, striving to provide a customer-centric omni-channel shopping experience.

The Group is included in the FTSE Index Series, MSCI Index Series and S&P Index Series.

Our Vision

Making Life Beautiful

Our Mission

Realising our “Making Life Beautiful” vision, we:

- Deliver reasonable returns to our shareholders
- Empower our employees to pursue personal and career prospects
- Develop strategic mutually beneficial partnerships with our suppliers and business partners
- Offer our customers quality and diversified product offerings with enjoyable shopping experiences
- Create positive social impact by actively participating in community service

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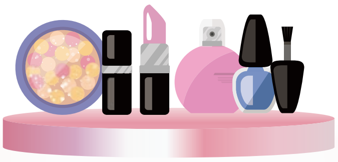
TOUS
SETA
Salvatore Ferragamo
GIARDINI DI
SETA
Salvatore Ferragamo

FINANCIAL HIGHLIGHTS



Continuing operations only
For the year ended 31 March 2022

Turnover	▲ 12.1% YoY change	HK$3,412.7 million
Gross profit margin	▲ 2.3% points YoY change	36.9%
Gross profit	▲ 19.8% YoY change	HK$1,260.5 million
Loss for the year		HK$343.7 million (LY Loss: HK$359.3 million)
Basic loss per share		11.1 HK cents (LY LPS: 11.6 HK cents)

Solid Financial Position
(as of 31 March 2022)

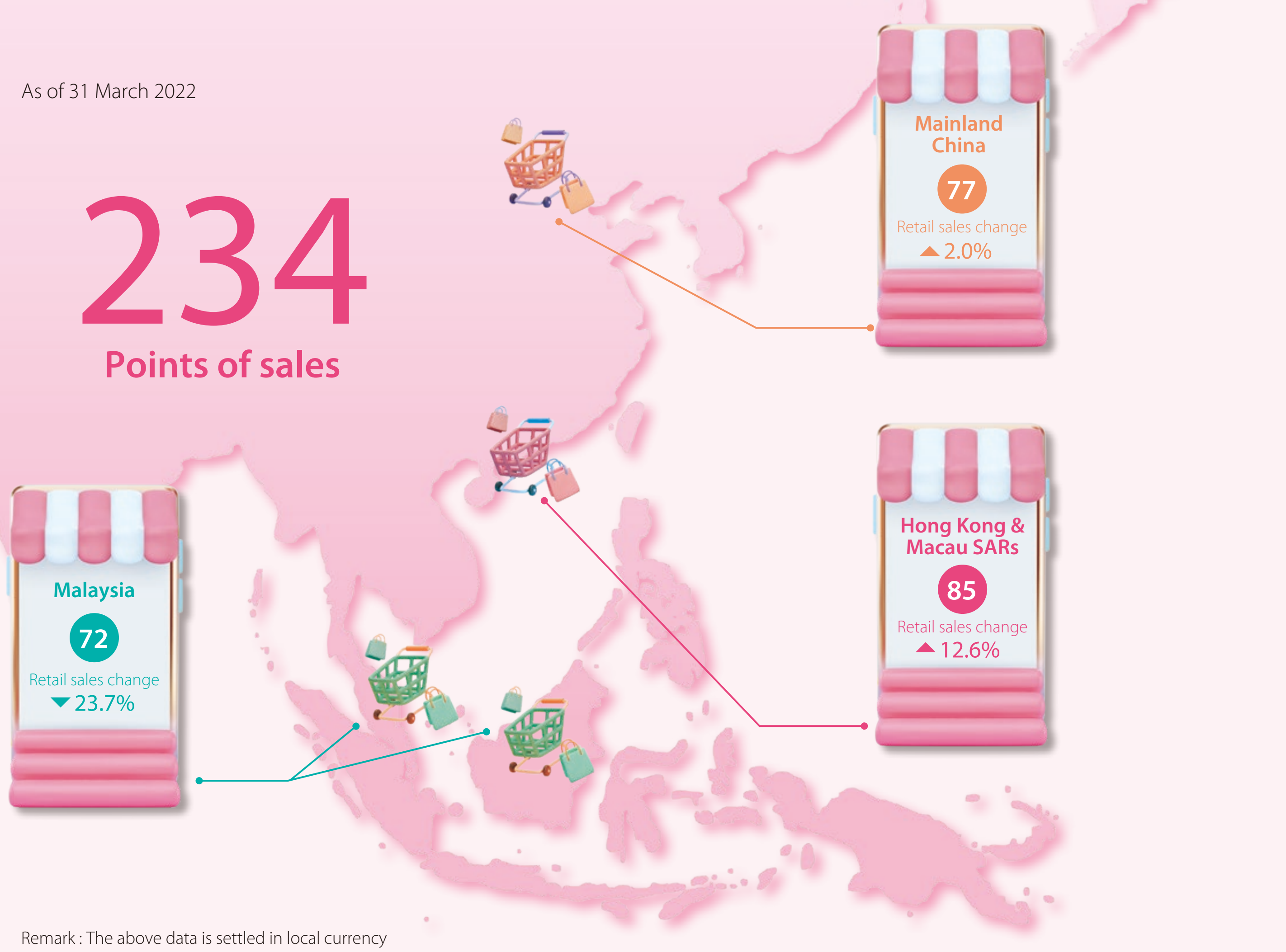
Cash and bank balances	HK$296.7 million
Gearing ratio (Defined as the ratio of total borrowings to total equity)	10.4%
Current ratio (times)	1.5

OUR FOOTPRINT IN ASIA

As of 31 March 2022

234

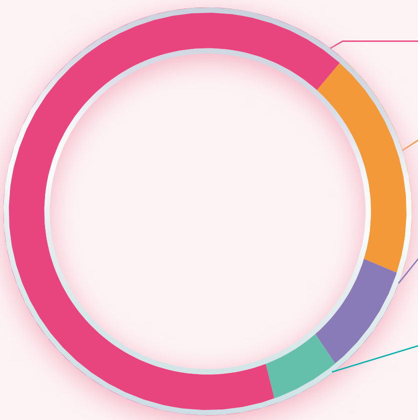
Points of sales



Remark : The above data is settled in local currency

Group Geographical Sales Mix

For the year ended 31 March 2022



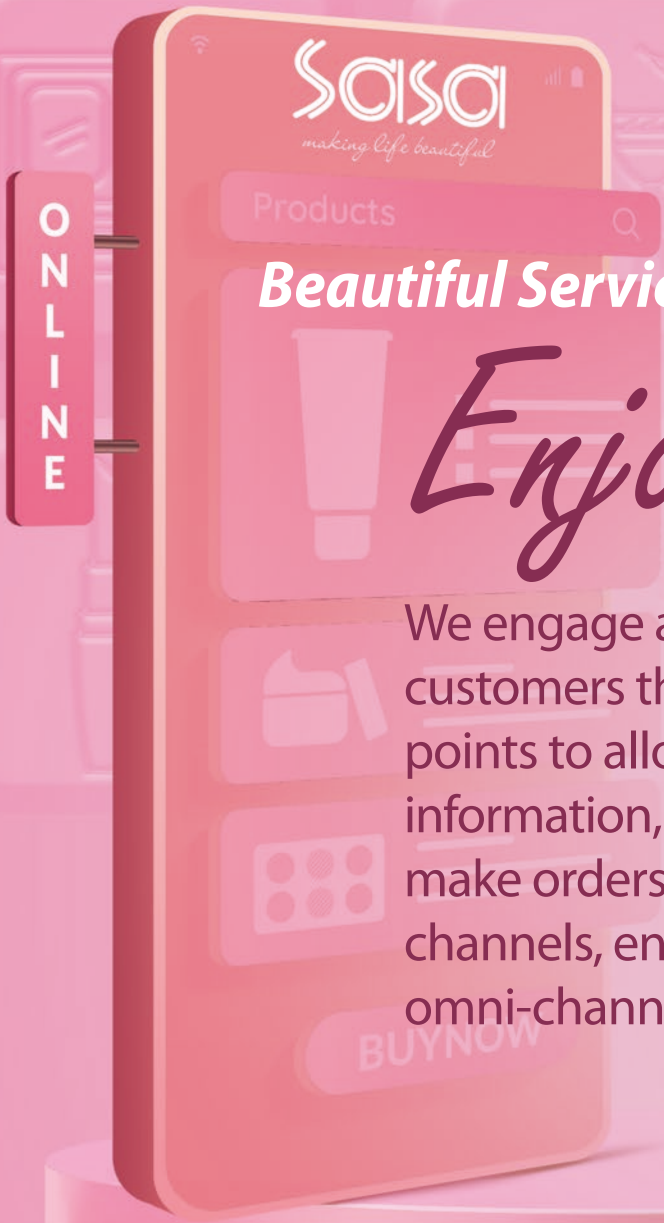
Hong Kong & Macau SARs	64.9%
Online business	20.4%
Mainland China	9.1%
Malaysia	5.6%
Total	**100%**

Beautiful Platforms

Link More

Bolstering Sa Sa's position as a one-stop beauty specialty store, we strive to optimise and adjust our product portfolio strategically by introducing hot cosmetics products as well as broadening health & fitness, personal care product and beauty device offerings.


JUJY
어용감
한방
Youth Vitality
Reinforcing Eye Cream
어용감
한방
Youth Vitality
Reinforcing Royal Cream
어용감
한방
Reinforcing Serum
어용감
한방
Youth Vitality
24K Gold Reinforcing Serum



Beautiful Services

Enjoy Shopping

We engage and interact with our customers through multiple touch points to allow them to access product information, gain first-hand experience and make orders via preferred online or offline channels, enjoying a truly customer-centric omni-channel shopping experience.

Cyber Colors
CYBER COLORS
SPF50+ PA++++
Nude Tinted Moisturizer
Cyber Colors
sasa
making life beautiful

Beautiful Experiences

Shop Simple

Sa Sa will continue to diversify our business and integrate our online and offline operations. We will use multiple touchpoints to create a seamless shopping experience for customers in all markets, driving sustainable business development.


The Miracle Key
Eleanor

OUR STRATEGY

Our Strategic Priorities

Sa Sa is committed to fostering sustainable business growth and increasing value to our stakeholders, thereby fulfilling our "Making Life Beautiful" aspiration. This entails providing reasonable returns for our shareholders, empowering our employees to grow and excel, building strategic mutually beneficial partnerships with our suppliers, offering our customers quality products and shopping experiences, and interact with our communities and respond to their needs proactively. Throughout our business, we strive to operate in a responsible and sustainable manner, generating the best value for business and society as a whole.

We believe that sound corporate governance, strict regulatory compliance and proactive risk management will enable us to work in a responsible manner to bring sustainable and increasing value to our stakeholders.

SHAREHOLDERS

We develop and implement business strategies to address market needs. Exercising prudent financial and risk management, we strive to enhance our operational and financial performances for delivering reasonable returns to our shareholders. See page 122-127

CUSTOMERS

Leveraging our experienced sourcing team and data science, we endeavour to cater for fast-changing customer preferences by sourcing quality and diversified product offerings with enjoyable shopping experiences. See page 104-109

EMPLOYEES

We equip our employees with the best skillsets to address current and future challenges. We empower them to pursue personal and career prospects and support them by promoting a balanced and joyful lifestyle. See page 98-103

COMMUNITIES

We create positive social impact and address social issues by leveraging our resources and developing strategic partnerships with community groups, promoting beauty in our communities. See page 110-116

SUPPLIERS

We develop strategic mutually beneficial partnerships with our suppliers and business partners to build a diversified, quality product portfolio that can be swiftly optimised to accommodate customers' changing needs at reasonable prices. See page 104-109

Our 3 Key Pillars – Customer Touch Points, Customers and Products

Customer Touch Points

As we move into the new retail era, we engage and interact with our customers through multiple touch points including leveraging on online-merge-offline (OMO) operation. Customers could access product information, gain first-hand experience and make orders via both online or offline channels according to their preferences, enjoying a truly customer-centric omni-channel shopping experience. Our consultation service has also been extended from offline to online channels. Sa Sa's well-trained beauty consultants can offer personalised beauty advice across different brands and assisting them to choose the most suitable products under one roof. This approach largely differentiates Sa Sa from other single-branded shops.

Offline Channels (retail stores)

As at 31 March 2022, the Group has 234 retail outlets in the following geographies:

85 Hong Kong and Macau SARs

77 Mainland China

72 Malaysia

Online Channels

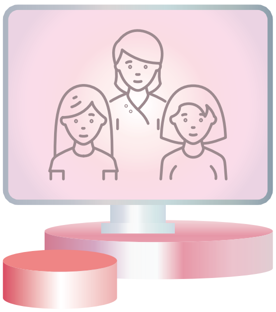
1. Own Channels

Sa Sa Shopping Website (Sasa.com)

Sa Sa Mobile App

Social Commerce Platforms

2. Third-party Platforms



Customers

Sa Sa places customers at the heart of our business. We strive to delight our customers with diversified quality products and dedicated multi-brand beauty advice and services. Our products are well received and supported by our customers over the years.

The Group's key customer base is located in the Greater China Region, mainly in Mainland China, Hong Kong and Macau SARs. Over the past years, Hong Kong and Macau SARs enjoy parallel import and zero import tariff policies, enabling a much faster and simpler product rollout as well as price advantages. This competes favourably against time consuming and onerous national product registration process and related health quarantine policies in the Mainland for beauty product offerings in physical stores there. Hong Kong SAR also enjoys a good reputation of selling authentic products. All these factors give rise to and support the popularity of our physical stores in the Hong Kong and Macau SARs and make Sa Sa one of the "top-of-the-mind" beauty product retailers among Mainland China consumers. Meanwhile, our cross-border e-commerce platforms have also become one of the preferred beauty products shopping channels for consumers in Mainland China.

Looking forward, Sa Sa will strive to gain a deeper understanding of customers' shopping behaviour and product preference through the enhanced use and analysis of big data. The Group aims to provide a customer-centric omni-channel shopping experience through the development of OMO operation.

Products

Sa Sa offers diversified and quality products at competitive prices with the proven concept of "one-stop beauty product specialty store". We cater to the needs of different customers with an extensive portfolio covering a wide range of price points including skincare, fragrance, make-up, hair care and body care products, health and fitness products as well as beauty gadgets. Our product sourcing and development team possesses market acumen and utilises big data analysis to capture the latest trends and customer preferences. With multiple sourcing channels, we can strategically adjust the product sourcing of its exclusive brands, parallel imports and local supplies based on customers' need, thereby providing a diversified portfolio with timely introduction of trendy products at competitive pricing. As of 31 March 2022, the Group offers:

Stock Keeping Units (SKUs)
9,000+

Diversified products with a price range of
HK$1– HK$5,000

International beauty brands
600+

Exclusive brands
>120

Source types:

Parallel Imports

Exclusive Brands

Local Supplies

Exclusive Brands

- Abercrombie & Fitch
- Abib
- AHAVA – Elemental Beauty from the Dead Sea
- ARMAND BASI
- ATOPALM® 아토팜
- BANILA CO
- b·līv healthy pores healthy skin
- UNITED COLORS OF BENETTON.
- BENTLEY
- Blumarine
- BYPHASSE
- Cell Fusion C – Dermatological Laboratory
- CHRISTIAN LAURENT
- COLLISTAR MILANO
- COLOR COMBOS
- Cottage
- CREMORLAB – a new classic in hydration
- CR7 CRISTIANO RONALDO
- Cyber Colors
- Derma:B
- Dr.FORHAIR – Professional Scalp Solutions
- Dr.G – My Skin Mentor Dr.G
- Dr.Jart+
- DSQUARED2
- dunhill LONDON
- Eleanor
- Elizabeth Arden NEW YORK
- espoir
- 어용감 御容鑑 한방
- geoskincare 纽西之谜
- giovanni – Eco Chic Hair Care
- GOONGBE 궁중비책
- GRÈS PARIS
- GUESS
- Haruhada ハルハダ
- HOLLISTER CALIFORNIA
- Huxley
- JAGUAR FRAGRANCES
- john varvatos
- KOCOSTAR® – Home Beauty Treatments
- La Colline – Swiss Riviera Beauty Treatment
- La Estephe® SWITZERLAND
- LOVE PASSPORT
- MAKHAMTHAI
- PRINCESSE MARINA DE BOURBON PARIS
- ma:nyo 魔女工場 | 마녀공장
- MEDIHEAL 美迪惠尔
- Mercedes-Benz Perfume.
- MÉTHODE JEANNE PIAUBERT PARIS
- Méthode SWISS BEAUTY CARE
- Classique NATURALLY EUROPEAN CLASSIC
- Neogence 霓淨思 – Lab-Dermatological Skincare
- NOV
- 페리오|PERIOE
- PERLIER
- PERRY ELLIS
- POLICE PARFUMS
- PUPA MILANO
- RALPH LAUREN FRAGRANCES
- Salvatore Ferragamo
- samourai woman Champagne Rose
- sasatinnie
- SHANGPREE
- skin79
- SNP – Shining Nature Purity
- Soo Beauté
- suiskin
- SUISSE PROGRAMME
- SWISS Rituel
- TALIKA DEPUIS 1948
- TEAOLOGY – Tea Infusion Skincare®
- Tonino Lamborghini
- TOUS
- TRUSSARDI
- URBAN Rituelle
- VENUS SPA
- VICTORINOX
- VT COSMETICS

Our Business Strategies

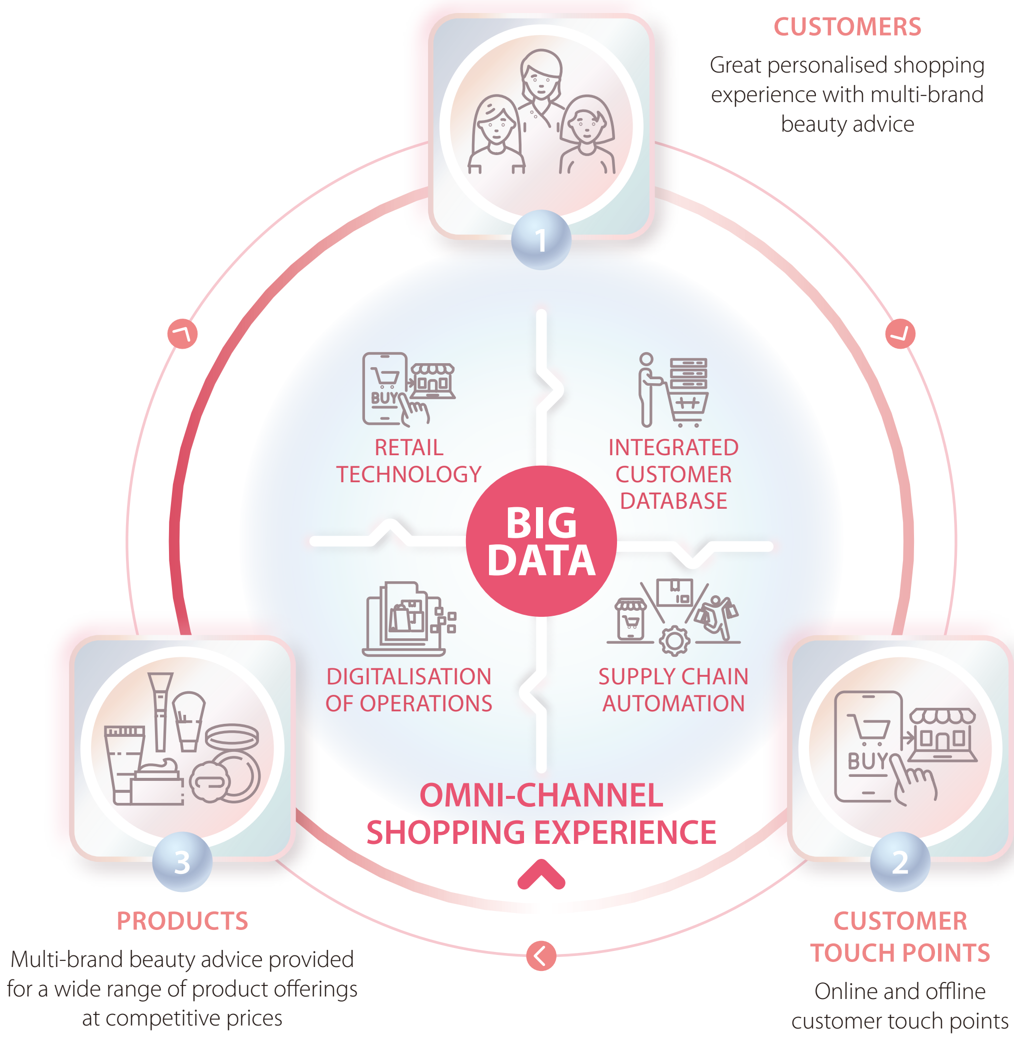
Embracing the New Retail Era

We live in a changing world – Customer behaviour and preferences are evolving and so are technologies. A new style of conducting retail business is emerging. Shadowing the prevailing trend, Sa Sa is moving in a strategic direction that facilitates online-merge-offline operation in order to develop a "customer-centric" new retail model and live up to our commitment of "Service from the Heart".

We will utilise the big data analysis and integrate customer databases to better understand customers' changing preferences and shopping behaviour. The OMO new retail model will realise the full advantage of our extensive physical store network in Mainland China, Hong Kong and Macau SARs and professional beauty consultant team. Leveraging our multiple online and offline touch points, we strive to strengthen the interaction with our customers, and enhance both customer satisfaction and loyalty, with an aim to drive the Group's income and profitability.

Meanwhile, in line with the above OMO business development, we are moving towards the directions of supply chain automation and digitisation of operations so as to enhance inventory management and operational efficiency. All these will drive us towards the goal of reinforcing our leadership in the beauty product retailing industry in Asia.

Our New Retail Blueprint



Creating an Omni-Channel Shopping Experience Powered by Technology

INTEGRATED CUSTOMER DATABASE

Integrating the customer data of our physical stores and online business in Hong Kong and Macau SARs and Mainland China to enhance customer engagement in the future. Our aim is to develop deeper understanding of customers' shopping behaviour, engage customers continuously to boost customer loyalty in the long term, increase repeated purchases, and achieve a omni-channel shopping experience.

RETAIL TECHNOLOGY

Guided by the "customer-centric" principle, the Point of Sale (POS) system, big data and other retail technology will be deployed to enhance the collaboration of each customer touch point and optimise operational processes, thereby creating a more personalised omni-channel shopping experience.

SUPPLY CHAIN AUTOMATION

Technology enables us to use big data to understand customer preferences swiftly, capture the latest product trends and optimise product sourcing strategy in order to improve logistics arrangement for OMO operations, thereby enhancing the inventory management, fulfilment experience and overall operational efficiency.

DIGITALISATION OF OPERATIONS

Internal work processes are being streamlined and digitalised to strengthen overall operational efficiency and speed up OMO development. This aims to provide customers with a more dedicated, convenient and personalised shopping experience.

Risks and Challenges

Embracing the new retail era, Sa Sa is moving in a strategic direction that integrates bricks-and-mortar and online business. Challenges that may hinder the execution of the New Retail Blueprint are:

Challenges In Technology Enhancement

- **Cybersecurity and personal data privacy risk**
  The need to better manage cybersecurity and personal data privacy risk due to the increasing number of leaks and the global trend towards more stringent regulations.

- **IT capacity**
  Enhancement of IT capacity is critical in order to support necessary changes that will improve customer experience and drive sales.

- **IT infrastructure and tools**
  Advancement of IT infrastructure and tools is required to manage compatibility issues and smooth implementation.

- **Talent acquisition**
  Competition for talents is keen – active development of new channels to retain and recruit talents is required.

Associated Risks

- **Key performance indicators (KPIs) and reward system**
  Improvement of KPIs and the reward system required to facilitate the implementation of new business model.

- **Business process and organisational structure**
  Improvement of the company's flexibility and adaptability to respond to the necessary changes in different areas including human resources, company structure, function and workflow changes to support the OMO business strategy.
  See page 76 to 81

OUR MILESTONES

1978

- Mrs Eleanor Kwok and Mr Simon Kwok began their cosmetics retail business from a 40-sq. ft. "Sa Sa" counter in Hong Kong.

1990

- First "Sa Sa" standalone highstreet store in Causeway Bay, Hong Kong.

1992

- First branch store in Tsim Sha Tsui, Hong Kong.

1997

- Listed on the Main Board of the Hong Kong Stock Exchange in June with an oversubscription rate of more than 500 times.
- First stores in Macau, Taiwan region and Singapore.

1998

- First store in Malaysia.

2000

- Opening of the first La Colline specialty store.
- Launch of Sasa.com to offer round-the-clock online shopping of beauty products.

2002

- Appointed as sole agent for a leading global prestige brand, Elizabeth Arden, in Hong Kong and Macau SARs.

2005

- First store in Shanghai, Mainland China.

2006

- First Suisse Programme beauty counter in Mainland China.

2009

- First Suisse Programme specialty store in Hong Kong SAR.

2011

- The Group's 200th store in Asia.

2013

- 35th anniversary of the Group.
- "Sa Sa Making Life Beautiful Charity Fund" was founded.
- Opening of Sa Sa Supreme, the first lifestyle concept store in Asia Pacific, in Causeway Bay, with approximately 20,000 sq. ft.

2015

- The Group launched a new brand image, with three women's side silhouettes echoing the brand to care for women at different ages, making them always beautiful.

2016

- Strategic partnership with Tencent and JD Group.
- First O2O Store opened in Shanghai.

2017

- Sa Sa Mall was launched on WeChat.
- Grand opening of Sa Sa's e-shop on Tmall Global, Koala and Xiaohongshu.

- Launch of exclusive brand – Eleanor in Hong Kong SAR, with its first exclusive store in Sa Sa Supreme in Causeway Bay.

2018

- 40th anniversary of the Group. Brand new "Sa Sa 40th Anniversary • Beauty Land" pop-up store, new store image and uniform design were launched.

- The Group launched the co-branded "BOC Sa Sa Dual Currency Credit Card" with Bank of China (Hong Kong) and Union Pay International.

- Collaboration with Taobao Global.
- Sa Sa store debuted at Hong Kong West Kowloon Station of Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) to leverage the development of the Greater Bay Area.

2019

- Opening of Sa Sa Hong Kong Flagship Store on HKTVmall.
- Being the first physical cosmetic store to launch Seagrape Deep Hydrating Water Gel Mask of beauty brand FAN BEAUTY established by the Chinese megastar Fan Bingbing globally.
- Launched WeChat mini-programme.

2020

- Partnership with Shopee opening first Sa Sa Official Store in Southeast Asia.

2021

- Launch of Sa Sa's first official store on Lazada.
- Launch of Sa Sa's Overseas Flagship Store on Douyin.
- Revamped shopping website and mobile app in Hong Kong SAR.

2022

- Launched on foodpanda mall.

OUR AWARDS AND RECOGNITIONS

Corporate Governance and Management

The Group has clinched the "Best IR Company" and four other awards in the small-cap category at the 7th Investor Relations Awards organised by Hong Kong Investor Relations Association ("HKIRA"). The Group received the following awards in the small-cap category:

- 5 Years IR Award
- Best IR Company
- Best IR by Chairman/CEO – Dr Simon Kwok, Chairman and Chief Executive Officer
- Best IR by CFO – Dr Guy Look, Chief Financial Officer and Executive Director
- Best Investor Meeting

The Group was awarded the "Outstanding Retailing Enterprise" at the "Outstanding Listed Enterprise Award 2021" organised by Economic Digest, affirming Sa Sa's outstanding performance in several aspects of business philosophy, corporate governance, and business development over the past year.

With the theme "A New Endless Beauty", Sa Sa's 2019/20 annual report was awarded two recognitions in the category of Retail Specialty Stores at "2021 International ARC Awards" organised by independent awards organisation MerComm, Inc., including "Gold – Cover Photo/Design" and "Bronze – Traditional Annual Report".

In addition, our 2020/21 annual report themed "Digital Beauty" won the Gold award in the category of "Consumer Consumption – Household/ Personal" at "2020/21 Vision Awards" organised by the League of American Communications Professionals ("LACP").

The Group was awarded the "Best Annual Report (Small Cap)" in the "IR Magazine Awards – Greater China 2021" by the internationally renowned IR Magazine.

Brand Recognition

Sa Sa has received the "Brand of the Year Award" for the fifth consecutive year at the "World Branding Awards 2021" by World Branding Forum. Once again, Sa Sa is the only brand selected in the category of Health and Beauty Retailer from Hong Kong for the Awards this year.

Sa Sa was awarded the "Q-Mark Elite Brand Award 2021" in the retail category (lifestyle) by Hong Kong Q-Mark Council in recognition of the Group's efforts to the quality of service and products.

Service Excellence

Our house brand, La Colline, was awarded the "Quality Service Retailer of the Year" Silver Award in Flagship Stores Category, and the Category Award (Beauty Products/Cosmetics) for the 17th consecutive year at the "HKRMA Quality Service Programme 2021" organised by HKRMA.

E-commerce & Innovation

The Group has received a total of three accolades from the Hong Kong Retail Management Association ("HKRMA") in the "Smart Retailing Awards" 2021:

- Smart Transformation & Innovation Award (Retailer Group) – Merit Award
- Smart Transformation & Innovation Award (Retailer Group) – Industry Impact Award
- Smart Retail Talent Award – Grand Prize for E-Commerce Specialist – Mr Hong Li

Sa Sa Hong Kong's Mini-Programme team was awarded the "First-tier Award in Digital Category" in the "Action Multiplied of 1H in 2021", recognising our team's effort on the seamless online and offline customer touch points leading to the rapid business growth. The campaign is co-organised by Tencent Smart Retail and Tencent Smart Retail Academy with an aim of assisting corporates to develop an omni-channel in the aspect of private domain and enhance GMV of the corporates.

E-commerce & Innovation

Sa Sa e-shop mobile app

- Top 2 in the highest number of download (retail category in HK) (2021)
- Top 10 in the highest number of monthly active users (retail category in HK) (2021)

Tmall Global

- Top 1 cosmetics store in Mainland market in June (2021)
- Top 1 cosmetics livestreaming store on 18 June & Double 11 (2021)

JD Global

- Double 11 Eshop Livestreaming Elite Awards (2021)
- Top 1 cosmetics store in Mainland market on Double 11 & Double 12 (2021)
- Top 1 cosmetics livestreaming store on 8 March (2022)

Kaola

- Top 1 cosmetics store in Mainland market on Double 11 (2021)

Douyin

- Top 10 cosmetics livestreaming store in Mainland market on 8 March (2022)

Shopee (Singapore)

- Top 1 cosmetics store from June 2021 to March 2022

Lazada

- Yearly Outstanding Global Brand Award (2021)

Yahoo Asia Big Idea Chair Awards 2021 – Best Search Campaign (Hong Kong) – Merit

HKRMA – Quality E-Shop Recognition (2021)

Corporate Social Responsibility

Sa Sa received the "Outstanding Corporate Social Responsibility Award" once again in the "9th Outstanding Corporate Social Responsibility Award" organised by Mirror Post.

Being awarded the Caring Company logo for 17 consecutive years, Sa Sa received the "15 Year Plus Caring Company Logo" in 2022 in recognition of its contributions in building a cohesive society.

Sa Sa was honoured as "Consumer Caring Company" in the "Consumer Caring Scheme 2021" organised by GS1 Hong Kong in recognition of Sa Sa's contribution to the customer-centricity and care for our people as well as the excellent performance in terms of product and service quality.

We were accredited as Manpower Developer from 2011 to 2022 by the Employees Retraining Board.

Awards Presented to Sa Sa's Exclusive Products

COSMOPOLITAN Best of the Best Beauty Awards 2021

Best of the Best Beauty Awards
SUISSE PROGRAMME The Soft Cream

TEN-YEAR FINANCIAL SUMMARY

For the year ended 31 Mar

Consolidated Income Statement

	< Note 2 > 2022 HK$'000	< Note 2 > 2021 HK$'000	< Note 2 > 2020 HK$'000	2019 HK$'000 Restated	2018 HK$'000 Restated	2017 HK$'000 Restated	< Note 1> 2016 HK$'000 Restated	< Note 1> 2015 HK$'000 Restated	< Note 1> 2014 HK$'000 Restated	< Note 1> 2013 HK$'000 Restated
Turnover										
– Continuing operations	**3,412,727**	3,043,029	5,717,283	8,156,597	7,806,163	7,350,349	7,314,151	8,419,147	8,191,724	7,143,924
– Discontinued operations	**–**	–	253,222	232,562	424,611	395,803	477,093	532,899	539,024	509,963
	3,412,727	3,043,029	5,970,505	8,389,159	8,230,774	7,746,152	7,791,244	8,952,046	8,730,748	7,653,887
Gross profit										
– Continuing operations	**1,260,546**	1,051,831	2,082,465	3,316,630	3,273,230	3,054,161	3,156,691	3,821,682	3,845,400	3,328,664
– Discontinued operations	**–**	–	121,659	104,439	195,112	174,657	216,137	242,978	257,542	251,417
	1,260,546	1,051,831	2,204,124	3,421,069	3,468,342	3,228,818	3,372,828	4,064,660	4,102,942	3,580,081
Gross profit margin										
– Continuing operations	**36.9%**	34.6%	36.4%	40.7%	41.9%	41.6%	43.2%	45.4%	46.9%	46.6%
– Discontinued operations	**–**	–	48.0%	44.9%	46.0%	44.1%	45.3%	45.6%	47.8%	49.3%
	36.9%	34.6%	36.9%	40.8%	42.1%	41.7%	43.3%	45.4%	47.0%	46.8%
Operating (loss)/profit										
– Continuing operations	**(328,096)**	(391,481)	(553,425)	561,739	563,484	435,299	489,735	1,013,245	1,126,819	984,777
– Discontinued operations	**–**	7,922	(40,036)	(20,296)	(38,472)	(40,006)	(28,660)	(21,457)	(13,313)	2,392
	(328,096)	(383,559)	(593,461)	541,443	525,012	395,293	461,075	991,788	1,113,506	987,169
(Loss)/profit for the year										
– Continuing operations	**(343,732)**	(359,298)	(475,082)	490,917	479,778	366,476	411,841	859,962	950,986	822,900
– Discontinued operations	**–**	7,930	(40,854)	(20,165)	(39,658)	(39,771)	(28,371)	(21,151)	(15,751)	2,734
	(343,732)	(351,368)	(515,936)	470,752	440,120	326,705	383,470	838,811	935,235	825,634
Profit margin										
– Continuing operations	**–10.1%**	–11.8%	–8.3%	6.0%	6.1%	5.0%	5.6%	10.2%	11.6%	11.5%
– Discontinued operations	**–**	–	–16.1%	–8.7%	–9.3%	–10.0%	–5.9%	–4.0%	–2.9%	0.5%
	–10.1%	–11.5%	–8.6%	5.6%	5.3%	4.2%	4.9%	9.4%	10.7%	10.8%

Consolidated Statement of Financial Position

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total assets	**2,086,823**	2,510,882	3,267,187	3,406,480	3,577,048	2,929,077	2,971,503	3,390,073	3,237,427	2,797,241
Total liabilities	**(1,103,915)**	(1,180,739)	(1,602,875)	(919,872)	(1,094,208)	(709,911)	(683,217)	(915,565)	(912,298)	(821,767)
Net assets	**982,908**	1,330,143	1,664,312	2,486,608	2,482,840	2,219,166	2,288,286	2,474,508	2,325,129	1,975,474
Shareholders' funds										
Share capital	**310,319**	310,319	310,319	309,560	303,885	299,444	289,213	284,468	284,306	282,691
Reserves	**672,589**	1,019,824	1,353,993	2,177,048	2,178,955	1,919,722	1,999,073	2,190,040	2,040,823	1,692,783
Total equity	**982,908**	1,330,143	1,664,312	2,486,608	2,482,840	2,219,166	2,288,286	2,474,508	2,325,129	1,975,474

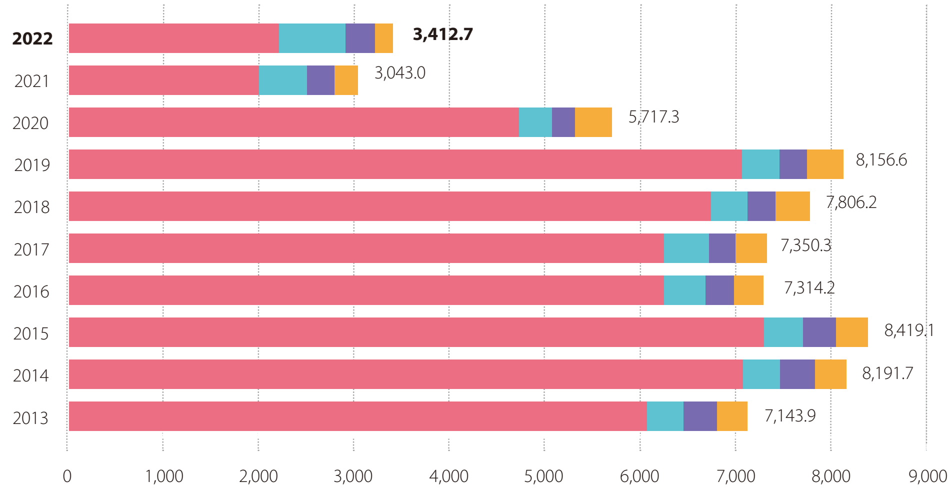
Continuing operations

Turnover

(HK$ million)

CAGR◊:

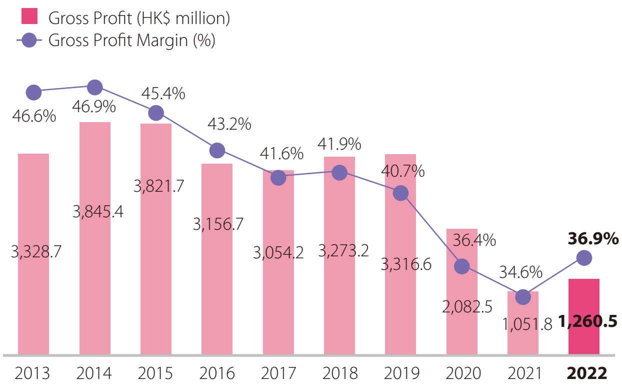
-5.4%



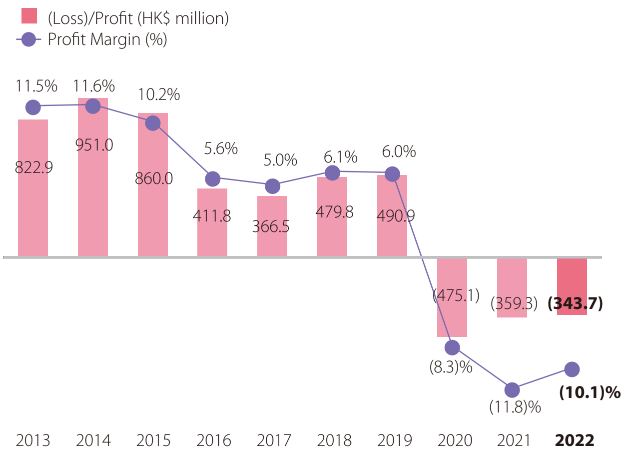
Hong Kong & Macau SARs
Online Business
Mainland China
Malaysia

◊ Compound annual growth rate for the last ten years

Gross Profit and Gross Profit Margin

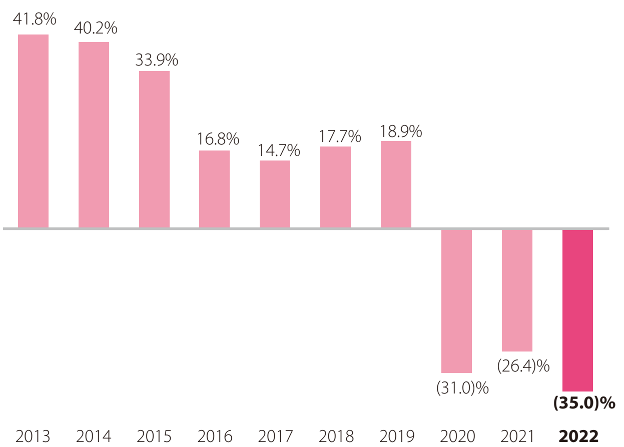


(Loss)/Profit and Profit Margin



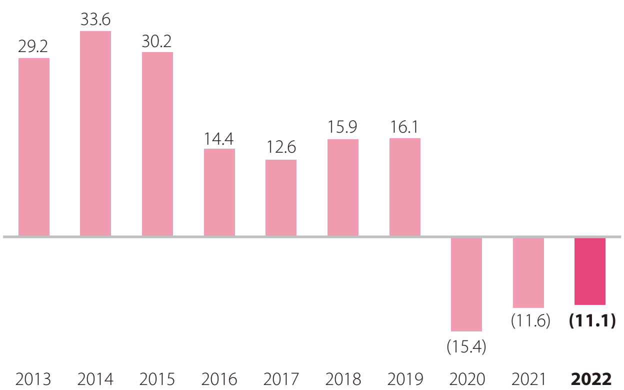
Return on Equity

(Including discontinued operation)



Basic (Loss)/Earnings Per Share

(HK cents)



For the year ended 31 Mar

Consolidated Statement of Cash Flows

	< Note 2 >	< Note 2 >	< Note 2 >				< Note 1>	< Note 1>	< Note 1>	< Note 1>
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000 Restated	HK$'000 Restated	HK$'000 Restated	HK$'000 Restated	HK$'000 Restated	HK$'000 Restated	HK$'000 Restated
Net cash (used in)/generated from operating activities (including payment of lease liabilities and interest) (Note 3)	**(274,718)**	(79,776)	(125,905)	346,233	748,214	356,723	578,922	1,069,606	1,021,080	846,245

Per Share Data and Key Ratios

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Basic (loss)/earnings per share (HK cents)										
– Continuing operations	**(11.1)**	(11.6)	(15.4)	16.1	15.9	12.6	14.4	30.2	33.6	29.2
– Discontinued operations	**–**	0.3	(1.3)	(0.7)	(1.3)	(1.4)	(1.0)	(0.7)	(0.6)	0.1
	(11.1)	(11.3)	(16.7)	15.4	14.6	11.2	13.4	29.5	33.0	29.3
Diluted (loss)/earnings per share (HK cents)										
– Continuing operations	**(11.1)**	(11.6)	(15.4)	16.1	15.9	12.6	14.4	30.2	33.5	29.1
– Discontinued operations	**–**	0.3	(1.3)	(0.7)	(1.3)	(1.4)	(1.0)	(0.7)	(0.6)	0.1
	(11.1)	(11.3)	(16.7)	15.4	14.6	11.2	13.4	29.5	32.9	29.2
Return on equity	**-35.0%**	-26.4%	-31.0%	18.9%	17.7%	14.7%	16.8%	33.9%	40.2%	41.8%
Dividend per share (HK cents)										
Basic	**–**	–	–	16.0	14.5	13.0	14.0	14.0	13.5	7.5
Special	**–**	–	–	–	3.0	4.0	9.5	9.5	10.0	13.5
Total	**–**	–	–	16.0	17.5	17.0	23.5	23.5	23.5	21.0
Dividend payout ratio	**–**	–	–	105.2%	120.7%	154.9%	176.1%	79.7%	71.4%	71.9%
Dividend yield as at 31 Mar	**–**	–	–	6.0%	4.3%	5.6%	9.8%	6.2%	3.8%	2.8%
Closing share price as at 31 Mar (HK$)	**1.39**	1.78	1.16	2.68	4.06	3.06	2.41	3.79	6.22	7.51
Price/Earnings (times)	**N/A**	N/A	N/A	17.4	27.8	27.4	17.9	12.8	18.8	25.7
Net assets value per share (HK$)	**0.3**	0.4	0.5	0.8	0.8	0.7	0.8	0.9	0.8	0.7
Current ratio (times)	**1.5**	1.9	1.9	3.3	3.0	3.8	3.9	3.3	3.0	2.8
Gearing ratio (defined as the ratio of total borrowings to total equity)	**10.4%**	–	–	–	–	–	–	–	3.4%	–

Operational Data

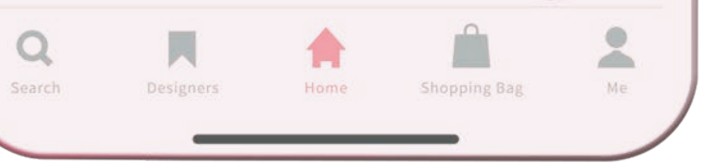
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Number of retail outlets for the continuing operations	**234**	232	235	253	245	243	236	234	229	211
Total gross retail area for the continuing operations (rounding to the nearest thousand sq ft) (Note 4)	**447,000**	458,000	477,000	526,000	529,000	544,000	530,000	539,000	562,000	489,000
Stock turnover days	**127**	140	101	104	102	99	91	103	108	111
Number of employees (rounding to the nearest hundred)	**3,100**	3,200	3,700	4,700	4,800	4,900	4,900	5,000	5,000	4,800

Notes:

1) Prior to 1 April 2016, the Group recognised certain incentives received from suppliers as part of its revenue or offset against the Group's selling expenses. During the year end 31 March 2017, the Group has revisited its arrangements with its suppliers and considered incentives received from suppliers for which the Group did not provide any separable identifiable promotion service, should be accounted for as a reduction of its cost of sales. Adjustments have been made to reclassify the comparative information to conform with the current year presentation.
2) The Group has adopted HKFRS 16 retrospectively from 1 April 2019, as permitted under the special transition provisions in the standard. Comparative information has not been restated, and thus comparative figures may not be comparable as comparative information were prepared under HKAS 17 "Leases".
3) The Group has adopted HKFRS 16 "Leases" from 1 April 2019, the payment of lease liabilities (including interest) are classified as financing activities rather than as operating activities in previous years.
4) The information on retail space provided is intended to allow the readers to appreciate the growth in retail network and the size of retail space only. As there are significant variation in sales per square foot between stores of different store sizes, as well as stores in different countries and location, the retail space information provided should not be used to analyse the trend on sales per square foot.

CHAIRMAN'S STATEMENT

"With the Group's solid foundation in the market and the strength accumulated over the years, we are looking forward to returning to the path of profitability when the overall business operating environment improves."



Dr KWOK Siu Ming Simon, ***SBS, JP***
Chairman and Chief Executive Officer

The business operations and financial performance of Sa Sa International Holdings Limited for the year ended 31 March 2022 ("financial year", "year under review" or "year") continued to be affected by the still-evolving threat posed by the Novel Coronavirus Disease ("COVID-19" or "pandemic").

During the financial year, the Group's turnover from continuing operations increased by 12.1% to HK$3,412.7 million. Loss for the year was HK$343.7 million, as compared to a loss of HK$351.4 million in the previous year. Excluding the provision for impairment, made in accordance with the Hong Kong Accounting Standard 36, which applies to retail store assets (including right-of-use assets and property, plant and equipment), subsidies related to the pandemic provided by various governments, temporary rental concessions, and the results of discontinued operations, the Group's loss for the financial year shrank by 41.5% from the previous year.

The Group's basic loss per share was 11.1 HK cents (2021: basic loss per share of 11.3 HK cents). In view of the challenging, uncertain business environment in the markets in which we operate, the Board does not recommend the payment of a final dividend for the financial year, in accordance with the Group's policy of paying dividends from profits and amid considerations related to responsible risk management in its current operating environment (2021: Nil).

The Group continued to actively rationalise its physical store network and carried out stringent cost and inventory management measures during the year to improve profitability and conserve working capital. To further reinforce the Group's financial position, I joined co-founder and controlling shareholder Dr Eleanor Kwok in providing a revolving loan facility of HK$200 million at the end of the financial year, a clear demonstration of our support for Sa Sa and our confidence in the long-term prospects of the Group's business. The Group's net cash of HK$194.2 million at the end of the financial year combined with the unutilised borrowing facilities of HK$376.6 million would be adequate for its current operating needs.

Creating an Omni-channel Shopping Experience to Capture Opportunities in the Changing Retail Landscape

The pandemic, which has lasted for more than two-and-a-half years, has ushered in fundamental changes in our living and consumption habits. Consumers spend less time in physical stores and have rising expectations of online shopping services that they have shifted to, leading to rapid changes in the retail landscape and reaffirm our conviction that it is crucial to accelerate the development of our online business. We are thus recalibrating our business approach to address the dynamic market conditions. While adjusting and optimising our traditional retail operations, we have also strategically deployed more resources in developing our online business with high potential, including the online-merge-offline ("OMO") operations in our new retail model, to enable us to stand out in this rapidly evolving and highly competitive business environment.

We achieved significant progress in new retail in the Hong Kong SAR market during the year. The offer of e-voucher and "click-and-collect" service successfully directed online customers to repurchase at our physical retail stores. We also gave full play to the strength of Sa Sa's professional beauty consultant team to engage with our customers through online channels to provide a more pleasant and personalised omni-channel shopping experience. The move also attracted new customers and strengthened customer loyalty and repurchase rates, further fostering the sustainable and steady development of Sa Sa's business.

In the new retail era, Sa Sa's physical store network will play a crucial role in providing customers with richer in-store experiences covering our products and services, while our online touchpoints will habituate interactions with customers and provide a round-the-clock shopping experience for online consumers. We believe our new operating model will enhance the Group's competitiveness in the long run and improve our profitability.

The new retail model enables our online and offline businesses to complement one another and improve the overall cost effectiveness of our both operations. Our physical store network attracts huge foot traffic, comprising both existing and new customers, serving as a source of customers for Sa Sa's online business. Successful conversion of these physical store customers into OMO customers by providing further services via online touchpoints will enable the Group to reduce advertising costs. Our digital marketing campaigns are also more effective in attracting more visits and consumption at physical stores, boosting customer repurchase rates and total spendings. These digital marketing activities are easier to track and deliver a higher investment return as compared to traditional advertisements. Online operations can also function to attract new customers, driving growth momentum in both the online and offline channels. Brand recognition and loyalty among customers who make purchases through multiple OMO touchpoints are generally stronger than among single-channel customers, with higher total spendings.

Another advantage of online channels is that fixed costs are lower than those of traditional retail operations. Our new retail model thus enables the Group to enhance its overall operating efficiency and draw us nearer to breakeven position, expediting a business turnaround.

Hong Kong and Macau SARs

During the financial year, our core market of Hong Kong and Macau SARs was affected by the COVID-19 pandemic. Sa Sa proactively made timely donations to the community and fought the pandemic alongside the public during the most challenging time. We received a confidence boost when the pandemic stabilised and the Hong Kong SAR government took actions to stimulate consumption. The Macau SAR also witnessed a rebound in inbound Mainland Chinese visitors during the year. The Group seized these business opportunities successfully and realised year-on-year growth in overall sales, despite a reduction in the number of its retail stores.

In Hong Kong SAR, local customers remained the primary source of revenue during the year as visitor arrivals from Mainland China remained at a minimal level amid strict border controls. While continuously rationalising its store network to reduce costs, the Group also adopted a multi-pronged approach to retaining and attracting local customers, including the redeployment of frontline employees from closed stores to the remaining ones to provide uninterrupted personalised services to existing customers, the strategic adjustment of our product portfolio, and the broadening of our personal care, health & fitness product and beauty device offerings. The Group also launched new promotions with various electronic payment gateways to capture business opportunities arising from the Consumption Voucher Scheme and the peak Christmas shopping season. Sa Sa reacted swiftly to the fifth wave of COVID-19 by quickly offering a large number of protective products such as rapid antigen test (RAT) kits and surgical masks to cater to urgent demand among the locals. These initiatives supported the Group in achieving positive same-store sale and retail sale growth for the year. Meanwhile, to protect the health and safety of its employees and customers, Sa Sa devoted considerable resources to anti-pandemic efforts in its retail stores, warehouses and offices, including the provision of RAT kits to staff and large-scale disinfection of both retail stores and back offices.

During the first half of the year, the Macau SAR government adopted a "dynamic zero-COVID" strategy and gradually re-opened its border with Mainland China. The Group witnessed a rebound in sales among Mainland Chinese visitors to the city. Sales in the Macau SAR were also driven by the Labour Day Golden Week and stimulus measures such as consumption vouchers. However, amid a resurgence in confirmed COVID-19 infections in Guangdong Province, the Macau SAR government tightened its border controls in the second half of the year, resulting in a loss of momentum in same-store sales and retail sales compared to the first half of the year.

To address the challenges faced by the retail sector during the pandemic, the Group implemented stringent measures to control its expenses to lower costs and increase efficiency, while increasing its investment in higher-productivity products. We also constantly improved our inventory levels, optimised procurement processes, introduced new and popular products, and drove new strategic product categories to bolster Sa Sa's position as a one-stop beauty specialty store. In addition, we continued to streamline our store network, closing loss-making stores and stores incurring exorbitant rents on the premise of retaining customers, and negotiated temporary rental concessions to reduce store overheads.

During the year, the Group made a breakthrough in its OMO development, thanks to overwhelming support from our retail team and the refinement of our appraisal, reward and commission mechanisms, further driving efforts to develop our new retail model. We were effective in drawing online customers to our physical stores to make repurchases, driving retail sales while laying solid foundations for the Group's new retail business in the post-pandemic era.

On a combined basis, the loss for the year in the Hong Kong and Macau SARs market narrowed by 43.6% from the previous year to HK$198.9 million. We believe market conditions in Hong Kong and Macau SARs have bottomed out as the most severe stages of the pandemic have likely passed by, allowing for recovery of our business performance as we continue to strive towards breakeven as quickly as possible.

Online Business

The Group's all-hands-on-deck approach to promoting its online business has begun to bear fruit, leading to record-high turnover in the online business during the year, an increase of nearly 40% from the previous financial year. The contribution made by the online business to the Group's total turnover rose from 16.5% in the previous year to 20.4% in the current year, and the business segment once again made a positive profit contribution during the year following a business turnaround the previous year.

With new retail operating model being priority, Sa Sa made significant progress on this front in the Hong Kong SAR local market during the year. In addition to further developing the "click-and-collect" service, we also proactively launched e-coupons across both our online and offline platforms, while enhancing online interactions between our beauty consultants and our customers to provide a more pleasant and personalised omni-channel shopping experience and boost sales.

Our online business was affected by the COVID-19 pandemic in different manners. During the fourth quarter, the Hong Kong SAR was severely hit by a massive COVID-19 outbreak, triggering strong demand for personal protective products. Catalysed by consumers shifting to online shopping, sales made via Sa Sa's Hong Kong SAR local website increased by more than 200% during the year. Conversely, this outbreak severely disrupted cross-border logistics, resulting in tumbling sales to Mainland China and other markets in the same quarter.

To cater to the burgeoning trend of livestreaming and OMO in Mainland China, the Group launched a live-streaming e-commerce initiative on third-party platform Douyin to attract younger customers. The WeChat mini-programme, through which Sa Sa connects its beauty consultants in the Hong Kong and Macau SARs with customers in Mainland China, achieved satisfactory results, and was extended to beauty consultants based in Mainland China, this further extends our online reach in the market and also serves to complement our physical store products in the market and increase our competitiveness.

Mainland China

The Group's losses in Mainland China increased significantly during the year as the continued spread of COVID-19 negatively affected consumer demand in Mainland China, and some of our stores had to suspend operations temporarily or were reduced to provision of limited services only, thus materially impacting our overall sales, as well as substantial increase in impairment for our physical stores.

We have readjusted our operating strategy in a timely and flexible manner amid the pandemic, and invested more resources in the development of our OMO business. Apart from developing new third-party platforms, we also leveraged on WeChat mini-programme to extend cross-border OMO service to Mainland China. We expedited the launch of our exclusive products in Mainland China and rapidly expanded product offerings in retail stores there, while facilitating engagement between our well-trained beauty consultants and customers both at physical stores and online to increase our competitiveness and create a new driver for the Group's business in Mainland China.

Malaysia

The pandemic prompted the Malaysian government to implement strict movement control measures during the first half of the year and dealt a heavy blow to Sa Sa's business in the country. This was relaxed In October when Malaysia changed its strategy. Accordingly, the ensuing new outbreak at the beginning of the calendar year did not trigger broad lockdown measures as before, allowing the economy and the retail sector to revive gradually. Sa Sa proactively rolled out promotional campaigns that successfully drove positive sales growth in the second half of the year. Unfortunately, profit in the second half was not sufficient to completely offset the loss incurred in the first half, leading the Group to incur a loss in the Malaysian market for the full year. The management believes that the country's change of strategy has made a positive contribution to the recovery of the local retail industry, and is optimistic about the future prospects for Sa Sa's business in the country.

Outlook

Moving Towards a New Retail Model

The persistence of COVID-19 has caused an upheaval in the traditional retail business landscape, leading to a coming-of-age moment in online shopping. We expect that our online business will remain critically important even when the pandemic eases in the future, and the Group will focus on fostering the integration of our retail store and online businesses to provide a personalised, omni-channel shopping experience driven by the use of big data. Adhering to its proven customer-centric principle, Sa Sa's new retail model will facilitate two-way customer conversion between our online and offline operations so that they complement one another to elevate consumer experience in the future.

Compared with other types of product offerings, our exclusive products allow us to enjoy greater flexibility in terms of strategy, positioning, pricing and sales channels, which not only facilitates the promotion of the new retail model, but also improves our product competitiveness and gross profit margin. Therefore, we are determined to intensify efforts to develop our exclusive products to enhance brand awareness and overall competitiveness.

Fostering OMO development is one of the core tasks in Hong Kong and Macau SARs operations. We will continue to launch e-coupons that align the online and offline channels and display such promotions in prominent areas of our retail stores to build a holistic shopping experience. In addition, we will leverage the strengths of our brick-and-mortar store network to create synergies with online touchpoints, including extending customer service online to enhance customer engagement. Our physical stores will boost their provision of richer in-store experiences covering our products and services for customers, attracting new customers, extending customers' browsing time in our stores, and increasing the frequency of customer visits. Internally, OMO progress will be incorporated as one of the performance indicators for our frontline beauty consultants as we augment our commission and reward system to encourage increased employee participation in comprehensive customer service across our offline and online touchpoints.

In addition to the Hong Kong and Macau SARs, and Mainland China, we also plan to replicate our success and extend cross-border OMO services to Malaysia through revamping Sa Sa's international shopping website.

A key advantage of third-party platforms lies in their capability to drive traffic, which can unlock a larger customer base for Sa Sa. The Group will also continue to collaborate with new and existing e-commerce platforms, leveraging their popularity and customer pools to capture expanded market opportunities and grow its own customer base.

Rationalising Physical Store Network to Expedite a Profit Turnaround

The pandemic still brings significant impact and uncertainty to the markets in which the Group operates, and coupled with global geopolitical instability, we expect the retail business environment to remain challenging. Under the general direction of actively promoting the new retail model, physical stores still play an important role for the Group. We will continue to rationalise the store network prudently and strengthen the touchpoints with customers.

In the Hong Kong and Macau SARs, we will continue to close stores that are loss-making or which are bearing exorbitant rents in the coming year, or relocate stores to locations with better traffic or lower rents. We will seek rental relief from landlords in a timely manner, in order to reduce the breakeven point of stores and accelerate the pace of turning losses into profits. When the pandemic situation improves, we plan to find new store locations in tourist areas at a reasonable rent level, and prepare for the recovery of the Hong Kong SAR and Mainland China when border restrictions are relaxed, which will benefit from the recovery of the market and the return of tourists from Mainland China.

As the Hong Kong SAR remains driven by local customers, we are considering opening new stores in residential areas at reasonable rents, introducing more products popular with local customers at our retail stores, launching more appealing promotional campaigns, while enhancing in-store product displays. In doing so, improve the efficiency of store operation, increase the penetration rate of Sa Sa's local market and increase foot traffic at the stores.

In Mainland China, although our mid– to long-term market objectives remain unchanged, we see the need to review and adjust our strategies so that we can retain strength to continue to develop the Mainland China market in the long run. We will rationalise our store network and focus our resources on optimising the operating performance of the physical stores and online operations, while at the same time, integrate our online and offline operations and lower overall expenses. In addition, we will strive to enhance our product portfolio and strengthen training for frontline staff in relation to online-and-offline integration to improve Sa Sa's overall competitiveness.

Conclusion – Proactively Reinvigorating Sa Sa for the New Retail Era

During the pandemic, we have experienced changes in our daily lives, with the "new normal" in the retail sector driven by more customers shopping online. We expect the competition in the retail industry will become more and more fierce, accelerating the survival of the fittest and industry consolidation. In order to consolidate our position in the industry and give play to our advantages, we maintain a consistent pragmatic attitude and demonstrate strong resilience, executing our multi-pronged strategy of stringent cost and inventory management measures to conserve our financial strength. We will also strategically invest resources in the online business and forge ahead with OMO development to create a seamless, omni-channel shopping experience, driving sustainable business development.

As countries actively look into ways to revive their economies amid the lingering pandemic, business environment will gradually see the light of day. With the Group's solid foundation in the market and the strength accumulated over the years, we are looking forward to returning to the path of profitability when the overall business operating environment improves. As a company that attaches great importance to corporate social responsibility, Sa Sa has always put the health and safety of employees, customers, business partners and the entire community in the forefront. We will continue to ensure strict compliance with health and hygiene authorities' pandemic control measures and adopt anti-COVID-19 practices in our retail stores and other workplaces to safeguard our employees and customers as part of our role in mitigating the risks of viral spread in the community.

I would like to express my heartfelt gratitude to every member of Sa Sa's staff for the professionalism and warmth they put into delivering customer services, for their continued support to the management team in overcoming the challenges of these difficult times, and for their unrelenting efforts to safeguard public health and contribute to society amid the pandemic.

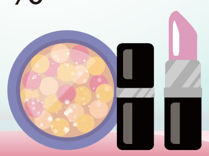
Looking ahead, we will continue to ensure the Group's sound operation and steady development, leading our team to grow amid the new retail transformation with the aim of maximising value for our shareholders.

Dr KWOK Siu Ming Simon, *SBS, JP*
Chairman and Chief Executive Officer
Hong Kong, 30 June 2022

Group's Turnover*

HK$3,412.7 million

▲ 12.1%



Gross Profit*

HK$1,260.5 million

▲ 19.8%

Loss for the Year*

HK$343.7 million

LY Loss:
HK$359.3 million

* For continuing operations

Consolidated Income Statement for the Year Ended 31 March 2022

	Full year		**First half**		**Second half**	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Continuing Operations						
Turnover	**3,412,727**	3,043,029	**1,597,234**	1,286,128	**1,815,493**	1,756,901
Cost of sales	**(2,152,181)**	(1,991,198)	**(1,010,716)**	(867,212)	**(1,141,465)**	(1,123,986)
Gross profit	**1,260,546**	1,051,831	**586,518**	418,916	**674,028**	632,915
Other income	**52,235**	142,343	**21,903**	93,896	**30,332**	48,447
Selling and distribution costs	**(1,323,946)**	(1,325,402)	**(653,669)**	(643,535)	**(670,277)**	(681,867)
Administrative expenses	**(249,191)**	(208,533)	**(121,600)**	(112,309)	**(127,591)**	(96,224)
Impairment of right-of-use assets and property, plant and equipment	**(86,978)**	(57,679)	**(10,195)**	(46,130)	**(76,783)**	(11,549)
Other gains – net	**19,238**	5,959	**936**	3,118	**18,302**	2,841
Operating loss	**(328,096)**	(391,481)	**(176,107)**	(286,044)	**(151,989)**	(105,437)
Finance income	**3,049**	6,449	**1,567**	4,083	**1,482**	2,366
Finance costs	**(11,778)**	(16,449)	**(5,853)**	(8,957)	**(5,925)**	(7,492)
Loss before income tax	**(336,825)**	(401,481)	**(180,393)**	(290,918)	**(156,432)**	(110,563)
Income tax (expenses)/credit	**(6,907)**	42,183	**(1,208)**	43,033	**(5,699)**	(850)
Loss for the year from continuing operations	**(343,732)**	(359,298)	**(181,601)**	(247,885)	**(162,131)**	(111,413)
Profit for the year from discontinued operation	**–**	7,930	**–**	5,884	**–**	2,046
Loss for the year attributable to owners of the Company	**(343,732)**	(351,368)	**(181,601)**	(242,001)	**(162,131)**	(109,367)

For the year ended 31 March 2022 ("FY2021/22", "year under review", "year" or "financial year"), the Group's turnover of continuing operations increased by 12.1% to HK$3,412.7 million. Sales of retail and wholesale in Hong Kong and Macau SARs increased by 10.6% to HK$2,212.5 million. The Group's retail outlets for the continuing operations were 234 as of 31 March 2022.

The Group incurred a loss for the year amounting to HK$343.7 million, compared to a loss of HK$351.4 million last year. Excluding the provision for impairment made in accordance with the HKAS 36 that applies to retail store assets (including right-of-use assets and property, plant and equipment), subsidies related to the Novel Coronavirus Disease provided ("COVID 19" or the "pandemic") by various governments, temporary rental concessions and the results from discontinued business, the Group's loss for the financial year decreased by 41.5% compared to last year.

Basic loss per share amounted to 11.1 HK cents (2021: 11.3 HK cents). In view of the challenging and uncertain operational environment in markets where we operate, the Board does not recommend the payment of a final dividend for the financial year in accordance with the Group's policy to pay dividends out of profits and for the reason of responsible risk management under the current operating environment (2021: Nil).

Fiscal Prudence for Rejuvenation of Internal Strength

In response to the unprecedented impact of the pandemic, the Group implemented stringent cost management and working capital management policies so as to navigate through adversity, and strategically invested in online business which possesses promising growth potential. These initiatives will enable the Group to become more resilient and achieve sustainable business growth after the pandemic.

The Group continued to streamline its physical store network in tourist districts in Hong Kong SAR during the year, and implemented a series of initiatives to optimise its operations including acceleration of digitalisation and automation, with the aim to reduce operating costs and enhance operational efficiency. The Group also minimised unnecessary and non-productive expenses to reduce fixed costs of office and shops.

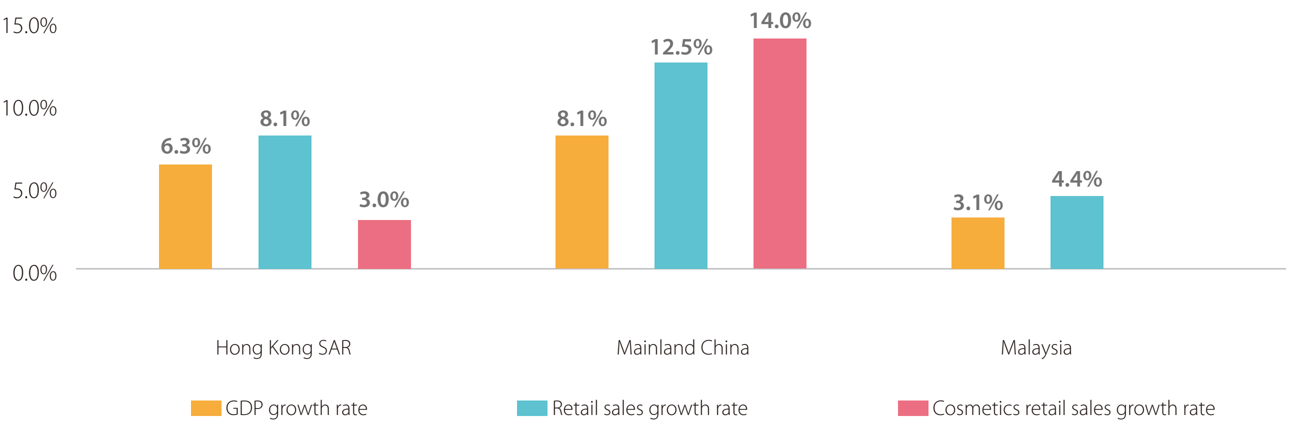
During the year, the Group received subsidies from the governments of Hong Kong SAR, Macau SAR and Malaysia in relation to the pandemic and obtained temporary rental concessions from landlords amounting to approximately HK$40.9 million, which to some extent, alleviated the burden of operating costs.

The Group consistently improved its inventory by focusing on products with higher productivity and actively reduced those with lower productivity. We performed stringent risk management on slow-moving goods and those with shorter expiry dates, we then reinvested the released working capital on more productive products and drove new strategic product categories to bolster our position as a one-stop beauty specialty store. The Group also flexibly adjusted its inventory across different business units to support the online business with higher growth potential and to seize market opportunities. As at 31 March 2022, the Group's inventory from continuing operations was HK$747.9 million, representing a year-on-year decrease of HK$18.2 million. Inventory turnover days were 127 days, representing a decrease of 13 days from the same period last year.

As at 31 March 2022, the Group's net cash (after deducting utilised bank borrowings) was HK$194.2 million. With unutilised banking facilities of approximately HK$176.6 million, the Group has adequate funding for its operating needs. A revolving loan facility of up to HK$200.0 million was also made available to the Group on 31 March 2022 by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, the executive directors and controlling shareholders of the Company. The facility has further strengthened the Group's financial position with additional working capital, demonstrating the support from the controlling shareholders and their confidence in the long-term prospects of the Group's business.

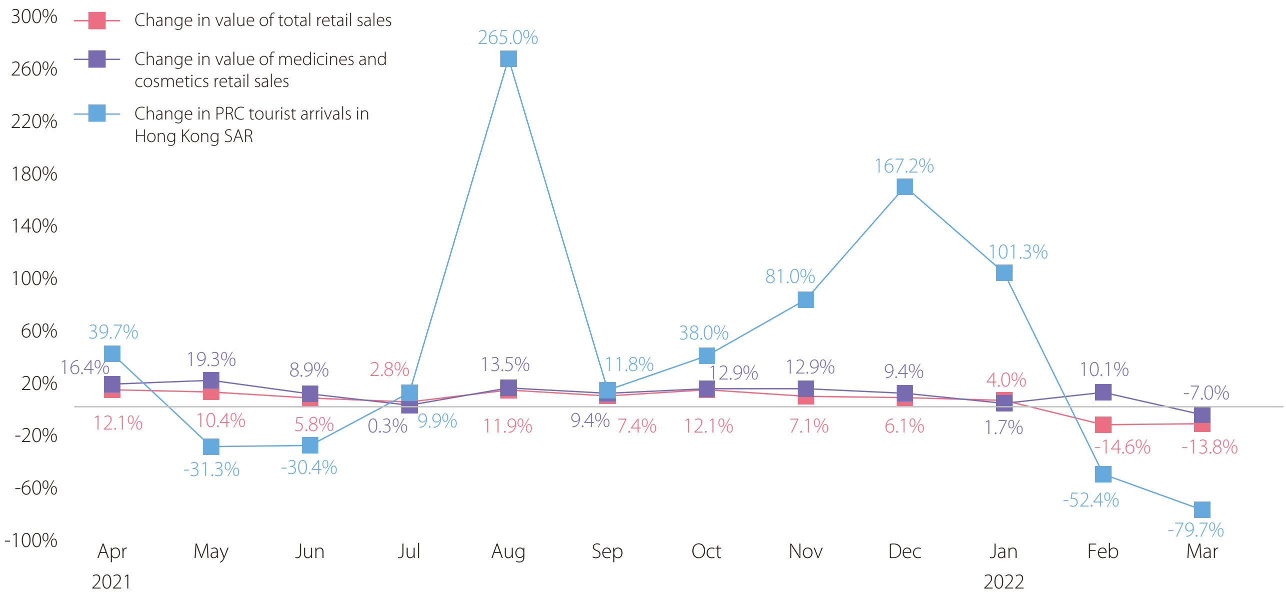
Market Overview

GDP/Retail Sales/Cosmetics Retail Sales in 2021 (year-on-year change)



Notes:
1. There were no cosmetics retail sales statistics provided by the Malaysian Government.
2. All of the above data were sourced and estimated from statistics published by corresponding governments' statistics bureaus.
3. There are some inconsistencies in definition and survey methodology for cosmetics retail sales by different government statistics bureaus.

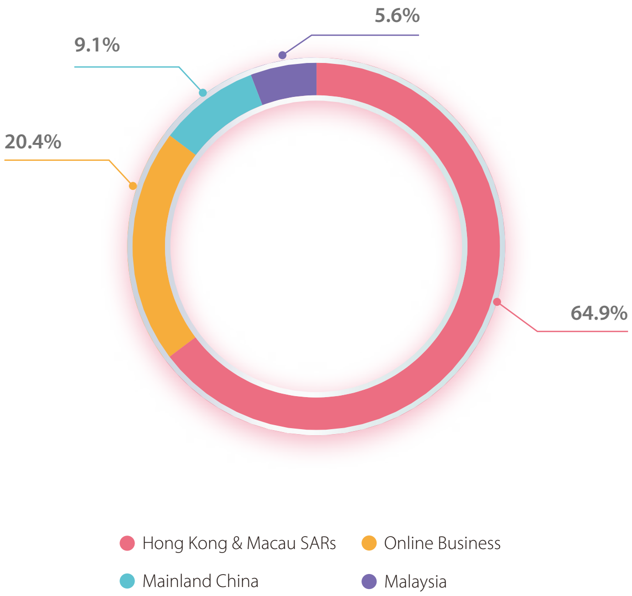
Retail Sales Performance and PRC Tourist Arrivals in Hong Kong SAR (year-on-year change)



Source: Hong Kong Census and Statistics Department & Hong Kong Tourism Board

Retail and Wholesale Business

FY2021/22 Turnover Mix by Market



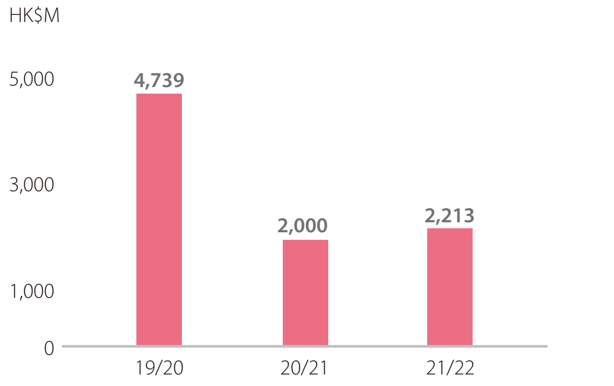
Store Network by Market

Market (Continuing operations)	As of 31 Mar 2021	Opened*	Closed*	As of 31 Mar 2022
Hong Kong & Macau SARs	100	3	18	**85**
Mainland China	57	22	2	**77**
Malaysia	75	1	4	**72**
Total	232	26	24	**234**

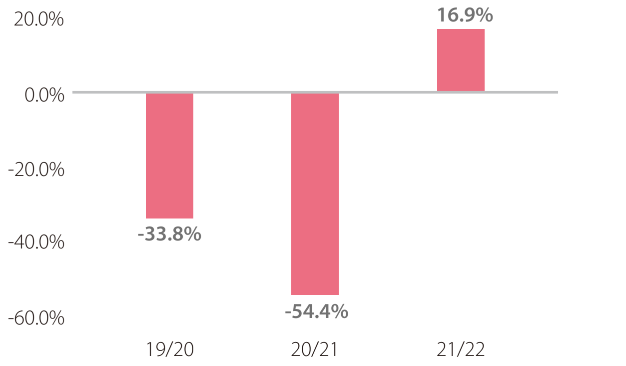
*Note:
- The number of stores opened and closed within 12 months between 1 April 2021 and 31 March 2022.

Hong Kong and Macau SARs

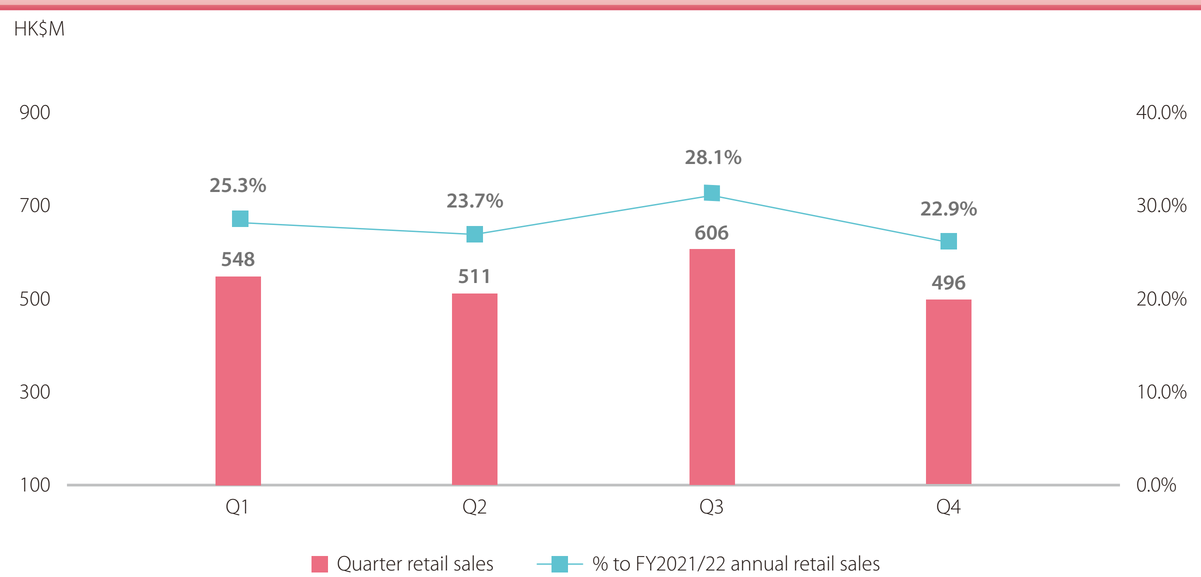
Turnover (Retail & Wholesale)



Same Store Sales Change



FY2021/22 Retail Sales by Quarter



In Hong Kong SAR, the continued implementation of strict border control measures to curb the COVID-19 pandemic saw visitor arrivals from Mainland China stagnate, resulting in the continued underperformance of the contribution made by Mainland Chinese visitors to the Group's sales. In the first half of the year, an easing in the pace of the pandemic and a partial relaxation of social distancing measures led local consumer sentiment to recover significantly. Sa Sa proactively adjusted its product mix, with launches of new promotions and offers, and collaborated with various payment gateways, to drive additional local spending amid the issuance of consumption vouchers by the government in August last year, boosting sales in the second quarter and resulting in 2.8% same-store-sales growth for the first half of the year, with retail sales growing 0.2% year on year.

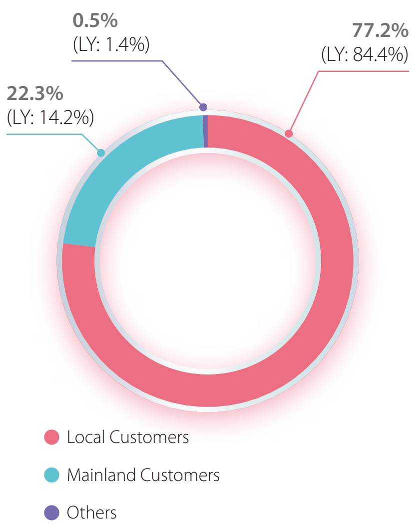
Business performance in Hong Kong SAR witnessed an improvement in the second half of the year, mainly attributable to the opportunities provided by the Consumption Voucher Scheme launched in the third quarter and the Christmas shopping season. The Group was able to capitalise on this upturn in spending, thus driving same store sales growth of 22.8% year-on-year and with overall retails sales growth of 12.0% despite the reduction in the number of stores. When the fifth wave of COVID-19 broke out at the beginning of this calendar year, a number of our stores were temporarily closed due to staff infections, leading to a loss of 480 store operating days (which accounted for 7% of the total store operating days in the fourth quarter of FY2021/22) amidst dwindling foot traffic. Sa Sa successfully positioned itself at the early stages of this fifth wave and quickly introduced rapid antigen test ("RAT") kits, surgical masks and other protective products into the market, and made timely donations through government agencies and charity organisations to serve the public. To protect the health and safety of its staff and customers, Sa Sa also committed resources heavily in its stores, warehouses and offices, by supplying RAT kits to staff and disinfecting retail stores and back offices on a large scale. While the timely introduction of protective products did provide some extra sales, we nevertheless experienced a slower growth in fourth quarter sales. For FY2021/22, same store sales in Hong Kong SAR was up 12.6%. Given the decrease in the number of retail outlets, retail sales grew at a lower rate of 6.1%, and down by 74.8% compared to FY2018/19 (the "pre-pandemic year").

In Macau SAR, following a gradual re-opening of the border with Mainland China in late August 2020, the number of Mainland Chinese visitors began to pick up, becoming the key source of sales in the city, contributing 62.9% of total sales during the year, representing an increase of 101.5% over FY2020/21. In the first half of FY2021/22, thanks to a lower base effect from the border closure between April and August 2020, and increased sales driven by the Labour Day holiday, retail sales grew by a significant 155.7% year on year (a decrease of 41.7% from the pre-pandemic year). However, Macau SAR tightened its quarantine measures for inbound travellers in the second half of the year as the city and Guangdong Province in the Mainland saw COVID-19 outbreaks of varying severity. This had a short-term negative impact on the number of Mainland Chinese visitors and subsequently led to an 18.0% year-on-year decline in retail sales in the second half (a decrease of 49.3% from the pre-pandemic year). On a full year basis, same-store sales in Macau SAR increased by 26.2% year on year, and retail sales grew 27.9%, although they were down 45.6% when compared with the pre-pandemic year. Sales in Macau SAR outperformed those in Hong Kong SAR.

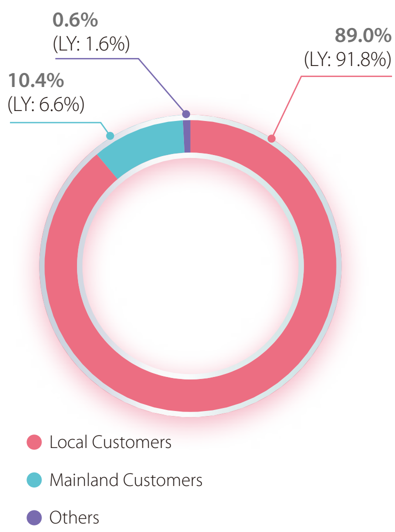
On a combined basis, retail sales in Hong Kong and Macau SARs increased by 12.6% to HK$2,161.3 million for the year, and a decrease of 69.2% when compared to FY2018/19, while same store sales performed better, up 16.9% for the year.

Sales Mix (FY2021/22 Retail Sales)

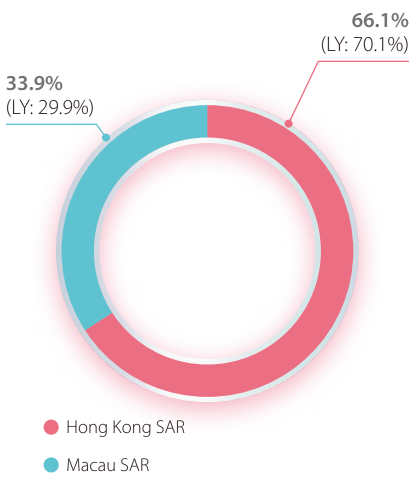
Customer Mix By Sales Value



Customer Mix By No. of Transactions



Geographical Mix



Steered by the Group's persistent streamlining of its store network and substantial reduction of operating costs, as well as the profitable Macau SAR business, the combined Hong Kong and Macau SARs markets achieved breakeven in December 2021. The loss for FY2021/22 reduced by HK$154.0 million (or 43.6%) to HK$198.9 million as compared to last year. Excluding the provision for impairment made in accordance with the HKAS 36 that applies to retail store assets (including right-of-use assets and property, plant and equipment), temporary rental concessions as well as pandemic-related subsidies received from the governments, the Group's financial performance saw a more marked improvement with its loss for the year in the Hong Kong and Macau SARs markets narrowing by HK$285.0 million (or 58.4%), as compared to the previous year. The Group is dedicated to managing costs and optimising cost structure continuously in order to expedite a profit turnaround and enhance its long-term profitability.

Streamlining Store Network and Accelerating OMO Development

Substantial decline in tourist arrivals dealt a heavy blow to the retail stores in tourist districts, necessitating the Group to continue streamlining its store network based on the premise of retaining its customers. The Group also negotiated for temporary rental concessions for certain retail stores during the difficult period to alleviate rental burden of the Group. As at 31 March 2022, total number of Sa Sa's retail stores in Hong Kong and Macau SARs reduced from the peak of 118 in 2019 to 85. A net decrease of 15 in shop count was recorded when compared to the same period last year, with most of the closed stores located in tourist districts in Hong Kong SAR.

As part of the overall network strategies, a certain number of expiring leases in prime tourist districts with heavy foot traffic were renewed at a reasonable new rent. This will lower the initial capex spending and related depreciation associated with new openings in the future. In addition, the Group opened one and two new stores respectively in residential area and tourist districts during the year, in order to optimise its retail network and position Sa Sa to benefit quicker from market recovery.

As the fifth wave of the pandemic has accelerated a shift of consumer traffic to online platforms, the Group's online-merge-offline ("OMO") strategy has begun to bear fruit. Sales in our online business in Hong Kong SAR increased by 89.3% year on year to HK$182.4 million during the year. Retail sales of the physical stores also benefited from our OMO strategy as repurchases made by online customers at retail stores directed through our click-and-collect service and e-voucher programme generated revenue for our physical stores, amounted to almost 20% of our online sales in Hong Kong SAR. This is a modest figure compared with physical store sales in the Hong Kong and Macau markets. However, as the Group continues to promote OMO, we believe that the contribution of OMO-driven brick-and-mortar sales will increase gradually. The Group will further integrate its operations to offer customers an omni-channel shopping experience, and catalyse the next stage of Sa Sa's development. (For details, please refer to Online Business section.)

Optimising Product Offerings to Address Customer Needs

In response to the massive outbreak of the fifth wave of the pandemic in Hong Kong SAR at the beginning of the fourth quarter, Sa Sa promptly offered RAT kits, surgical masks, medicines and other protective products that were sought by local residents. As a responsible corporate citizen, we offer these products at reasonable prices to fight the pandemic alongside our customers, yet still made a meaningful contribution to sales in the fourth quarter. The Group introduced more new products, including health & fitness products, personal care products and beauty gadgets to cater for the needs of local customers. This also bolsters customer loyalty, attracts new customer segments and generates new revenue streams, as well as broadens our product offerings and enhances our position as a one-stop beauty specialty store. In particular, health & fitness products made the most significant progress, with sales in the category increasing 84.0% in Hong Kong and Macau SARs year on year. This may seem high because of a low base, but the Group believes that these products have huge potential, and we will introduce more of them in the future to extend our penetration in the local market.

Gross profit margin for the year in Hong Kong and Macau SARs increased to 38.5%, demonstrating a notable improvement from the 32.5% recorded during the large-scale clearance sales conducted in the previous year. Gross profit from exclusive products rose by 14.0% year-on-year to HK$485.5 million.

Online Business

Turnover of the Group's online business in the financial year reached HK$695.6 million, representing an increase of 38.8% year-on-year and 77.5% as compared to FY2018/19. Its contribution to the Group's total turnover rose from 16.5% last year to 20.4%. Profit for the year of the business was HK$6.9 million, while HK$8.8 million was recorded in the same period last year.

The Group's online business team primarily operated the online and cross-border businesses in Hong Kong and Macau SARs, while the performance of the Group's local online business in Mainland China and Malaysia were reflected in their respective local segment results accordingly. The total revenue of online business accounted for 21.1% of the Group's total turnover if the abovementioned local online revenue is included.

In Hong Kong and Macau SARs, online sales (the Group's own channels and third-party platforms) increased by 89.3% year-on-year. Its contribution to total sales of online business increased to 26.2%. Striding into the new retail model of OMO has been one of the Group's priorities and Sa Sa witnessed remarkable progress in Hong Kong SAR during the year. In addition to the "click-and-collect" service, we also launched e-coupons that are applicable to both of our online and offline platforms. The engagement between our beauty consultants and customers has also been extended to online channels. All these initiatives serve to facilitate Sa Sa to provide customers with a more pleasant and personalised omni-channel shopping experience. In the fourth quarter, the large-scale pandemic outbreak in Hong Kong SAR induced strong demand from customers for protective products such as RAT kits and surgical masks, and led to increased consumers shifting to online shopping. The full-year sales on Hong Kong SAR shopping website therefore boosted by 228.4% year on year. The Group also established new partnership with third-party platform "foodpanda mall" to provide a more convenient shopping experience for customers.

Online cross-border sales for products imported to Mainland China commanded the highest sales contribution to the Group's total online sales at 63.6% during the year. The "618 Shopping Festival" propelled solid performance of Sa Sa's operation in Mainland China in the first half of the year, yet the Group's decision to avoid excessive price competition during the "Double 11 Shopping Festival" brought a slight sales performance regression in the third quarter. In the fourth quarter, the fifth wave of COVID-19 outbreak in Hong Kong SAR severely disrupted cross-border logistics arrangement and hence depressed the sales performance in Mainland China for the quarter.

To cater to the booming trend of livestreaming in Mainland China, the Group started livestreaming on third-party platform, Douyin, in the second half of the year, with our own talents producing videos to attract younger generation customers. WeChat mini-programme with which Sa Sa connects its beauty consultants in Hong Kong and Macau SARs with customers in Mainland China, continued to achieve satisfactory results, was extended to beauty consultants based in retail stores in Mainland China, extending its online reach in the market and also serving to complement its physical store products in the market and increasing its competitiveness. (For details, please refer to Mainland China section.)

The Group's online sales in other markets rose by 131.4% year-on-year, with its contribution to total online business sales increased to 10.2%. Such improvement was mainly powered by sales via Shopee and Lazada, the third-party platforms that target consumers in Southeast Asia.

Mainland China

During the financial year, the total number of stores operated by the Group in Mainland China was 77 as of 31 March 2022, representing a net increase of 20 year-on-year. Turnover of the Group's Mainland China business increased by 2.0% in local currency terms to HK$312.0 million, while same store sales decreased by 15.4%. Our losses in Mainland China have increased to HK$144.3 million this year due to enlarged operating losses and substantial increase in impairment of our physical stores.

The COVID-19 pandemic had a major impact on the Group's operations in Mainland China, and was the root cause of our underperformance in that market in terms of both sales and profit. The pandemic outbreaks in various parts of Mainland China that started in the second quarter of the year prompted lockdowns in affected cities and towns during more severe phases, lowering foot traffic in our retail stores and some were forced to suspend operations in the worst cases. Same-store sales growth in Mainland China suffered a double-digit decrease year on year from the second quarter onwards.

Implementing cross border OMO services in Mainland China was a pilot project for the Group during the year. Leveraging the WeChat mini-programme, the Group was able to enrich its retail business product portfolio, speed up the launch of exclusive products, and provide quality, seamless online and offline services to its customers. Such services commenced only at the end of last year, and their contribution to sales has so far been insignificant. Nevertheless, the enrichment of our product portfolio through cross-border sales has strengthened the Group's overall competitiveness in Mainland China, which is conducive to attracting new consumer to Sa Sa's customer base, enhancing repurchase rates and loyalty among existing customers, and boosting the commission income of our local beauty consultants.

Malaysia

The Group's turnover in the Malaysian market decreased by 23.7% year-on-year in local currency terms to HK$192.6 million, while same store sales decreased by 8.8%. As of 31 March 2022, the Group operated 72 stores, as compared to 75 last year.

In response to the COVID-19 outbreak, the Malaysian government implemented strict movement control measures during the first half of the year. Following its designation as a non-essential business, our Malaysia operations was required to close all of its stores temporarily in June until September last year, dealing a heavy blow to our local business, resulting in a loss of HK$18.5 million in the first half.

In October 2021, the Malaysian government adopted a COVID-19 strategy of "co-existence with virus". Despite restrictions on opening hours and reduced traffic in our retail stores, the local economy and the retail sector began to recover without any large-scale lockdowns, prompting Sa Sa to proactively roll out appealing promotions to boost sales. As a result, Sa Sa witnessed positive sales growth and achieved a business turnaround in Malaysia, with a profit of HK$11.0 million in the second half of the year, narrowing the loss for the full year to HK$7.5 million.

During the year, the Group sought to expand sales through its online channels so that customers could shop without leaving home, offsetting some of the losses incurred by the temporary suspension of operations at our retail stores. The contribution made by online sales to total turnover in Malaysia increased to about 8%.

Outlook and Strategies

With consumers increasingly shopping online, management believes that the importance of online business will continue to increase even when the pandemic subsides in the future. Therefore, the Group will accelerate the integration of physical stores and online businesses, and speed up the integration of the customer relationship systems of various business units in the Greater China, so as to enable big data to analyse customer preferences and shopping habits, in product procurement, marketing, service processes, membership maintenance, etc. This in turn will support improvements in automations and more tailored personalised omni-channel shopping experienced, covering different online and offline touchpoints.

Adhering to Sa Sa's "customer-centric" principle that has been the foundation of our success, we will fully utilise the strengths of our brick-and-mortar store network to complement online touchpoints so as to provide customers with personalised services. Our physical stores will boost their provision of richer in-store experiences of our products and services for our customers, in doing so attracting new customers, extending customers' browsing duration in our stores, and increasing the frequency of customer visits. Our online touchpoints will enhance interactions with customers and provide a round-the-clock shopping experience to consumers, as well as serving as additional touchpoints for our existing physical store customers.

With more customers shifting to online platforms for product information and reviews, product brand building is critical for sustained development of our OMO transformation. The Group will redouble its efforts to build brands for its core exclusive products through online and offline channels. As digital marketing is an integral part of successful brand building, especially in Mainland China, the Group will increase its investment in online product marketing, with corresponding promotional support from physical stores for the benefit of both online and offline channels.

Not only will the aforementioned OMO operating model offer a better customer experience, but it will also differentiate Sa Sa from its peers, underpinning its leadership in the vigorously competitive beauty market and improving the Group's long-term profitability. One of the advantages of online business is that its fixed costs are relatively low. The new retail model enables the Group to complement each other online and offline, improving the cost-effectiveness of the two, expediting the improvement of Sa Sa's overall competitiveness and profitability in the long run.

Hong Kong and Macau SARs

The fifth wave of COVID-19 brought an unexpected blow. After enduring months of tough measures to fight the pandemic, the worst of this wave of pandemic has passed, social distancing measures have been gradually relaxed, and the consumption vouchers are expected to bring some vitality to the market. However, the pandemic and geopolitical uncertainties remain, and the operating environment for the retail sector is expected to remain challenging.

After nearly three years of hard work, the board of directors, management and all staff have worked together to continuously implement all-round cost-saving measures, including rationalising the store network, striving for rent reduction, and promoting the development of new retail to support cost reduction in the Group's retail business in the Hong Kong and Macau SARs. We have managed to lower our breakeven point substantially and in turn enhanced the Group's long-term competitiveness and profitability.

In the Hong Kong SAR, local customers are still the main source of customers. In the short term, the Group will continue to take advantage of the opportunity of the consumption voucher scheme in Hong Kong SAR to launch promotional offers to stimulate sales. In the long run, the Group will continue to optimise its product portfolio in a manner attuned to customer preferences and the latest market trends by broadening its personal care, health & fitness products and beauty gadget offerings. We will also launch attractive promotions and enhance in-store product displays to stimulate consumer demand. At the same time, the Group will examine opportunities to open new stores in residential areas, contingent upon the availability of reasonable rental rates, to improve Sa Sa's sales and increase local market penetration.

Amidst the dramatic changes in the operating environment, a rationalisation of retail network is inevitable. In the coming year, the Group plans to close loss-making stores and those that are bearing exorbitant rents. We will also relocate stores to areas with higher levels of foot traffic or lower rents. Such efforts aim to reduce the ratio of rent to revenue and enhance the operation efficiency of our stores. Once the pandemic stabilises and when the border with Mainland China reopens and higher sales demand results, the Group will resume opening new stores at reasonable rents, including those in prime locations in tourist districts to allow the Group to be among the first to benefit amid a revival of market demand.

At the same time, the Group will centralise some administration and management functions at stores while expediting the progress of automation to further reduce the cost of non-selling shop staff and optimise the operating efficiency of retail operations with a view to improving the Group's profitability in the long run.

Fostering the development of OMO is a part of our future strategy in Hong Kong and Macau SARs. We will continue to promote click-and-collect services and e-vouchers, display OMO-related promotions in prominent areas of our retail stores, and align online and offline promotional activities and advertising efforts to run complementary marketing campaigns to build a holistic shopping experience. The Group will also provide training to frontline beauty consultants, refine commission and reward mechanisms to encourage employees to serve our customers comprehensively through online and offline touchpoints, bolstering the competitive edge enjoyed by our mainstay retail store network and beauty consultants.

Online Business

Online business is the strategic core of the Group's development and is crucial to Sa Sa's current and future sustainable development. The Group will continue to increase its online investment, actively expand online sales channels in different regions, and strive to build the brand effect of its exclusive products. Through the integration of physical stores and online platforms, it will move towards a more comprehensive OMO operation model.

Customer relationship management ("CRM") is very much an integral part in the new retail era. The Group has commenced the design and planning of CRM system, the formulation of plans to establish customer data platform to centralise the management of our online and offline customer databases from Hong Kong and Macau SARs as well as Mainland China, including membership data of the WeChat mini-programme. With data analytics and digital marketing tools, we would be in position to better understand customers' shopping habits, carry out refined customer relationship management and more targeted marketing campaigns. These initiatives will eventually help enhance customer loyalty and repurchase rate to achieve a higher return on investment.

Amongst all product sources, Sa Sa has the highest degree of discretion and autonomy in its exclusive products in all respects including strategy, positioning, pricing and sales channels, and without restrictions from brand suppliers or e-commerce channels. The management believes that building brand equity for our exclusive products will enable us to have more strategic control over our product portfolio, improve our product competitiveness and gross profit margin. This would be critical to our new retail model. In the future, Sa Sa will increase investment in building its exclusive products, including strengthening publicity on popular social media and digital channels, and fully coordinating online and offline brand activities with brick-and-mortar stores to enhance the visibility and recognition of these products in the mainland, this will enable the Group to strengthen its penetration rate in the Chinese mainland market and enhance the competitiveness of Sa Sa.

In the Group's core Hong Kong SAR market, we have achieved a good progress in the online and offline integration last year. The Group is dedicated to further develop collaboration between the teams of online business and retail store business units, enhancing OMO functionality in an unrelenting manner to optimise customer experience and bolster sales growth. Our beauty consultants are also well prepared to welcome and connect with the Mainland Chinese visitors upon the re-opening of border at Hong Kong SAR in the future. We expect to see faster growth of our customer base through active connection and engagement with these Mainland Chinese visitors, both at the physical stores and through digital media, and ultimately drive our development of the new retail model.

In the coming year, the Group plans to replicate the success of our Hong Kong SAR's new retail operations in Malaysia. Through revamping Sa Sa's international shopping website, we intend to extend our cross-border OMO service to Malaysia to tap the flourishing online shopping momentum and provide seamless service to customers. The revamped website will also augment the online shopping experience for customers from other regions such as North America, Australia and Europe.

The key advantage of third-party platforms lies in their capability to drive traffic, which enables us to expand our new customer base. Leveraging the popularity and reputation of e-commerce platforms, the Group will continue to explore collaboration with both new and existing e-commerce platforms to maximise market exposure and expand our customer base.

Mainland China

In Mainland China, the Group is not immune to uncertainties such as repeated global COVID-19 outbreaks, geopolitical instability, and volatilities in the global supply chain caused by imported inflation. In particular, normalised and persistent new COVID-19 outbreaks affecting multiple areas means that the brick-and-mortar retail market will face many challenges.

Although our mid- to long-term market objectives remain unchanged, we see the need to review and adjust our strategies so that we can retain strength to continue to develop the Mainland China market in the long run. We will rationalise our store network and focus our resources on optimising the operating performance of the physical stores and online operations, while at the same time, integrate our online and offline operations and lower overall expenses. In addition, we will strive to enhance our product portfolio and strengthen training for frontline staff in relation to online-and-offline integration to improve Sa Sa's overall competitiveness.

Malaysia

Although the volatility of the pandemic hindered the recovery momentum of the retail sector in Malaysia in the beginning of the year, it is anticipated that consumption will return to the pre-pandemic level gradually. The Malaysian government has eased the quarantine measures to enable unrestricted inbound tourist visits since 1 April 2022. The Group believes that other anti-pandemic measures will also be relaxed accordingly with retail stores and offices resuming to normal business hours and operations, thereby boosting foot traffic return to normal level.

Notwithstanding, local operations may continue to be exposed to some risk factors. First, global interest rate hikes may potentially dampen consumer confidence. Second, the national minimum wage was raised by 25% to RM1,500 per month from 1 May 2022, which impacts directly Sa Sa's labour cost which will in turn fuel increases in other costs.

In the short term, the Group is cautious about opening new stores and is committed to optimising the existing store network to further improve store efficiency. In addition, the Group will pay close attention to market trends and customer preferences, introduce hot-selling new products, and strengthen product categories such as health care, electronics, personal care, etc., to achieve a more diversified product mix, and launch attractive offers to attract customer flow and boost sales.

The Group will seek more partners to expand online sales. At the same time, it will continue to carry out digital marketing on effective platforms, and actively launch promotions on new social media, so as to attract young target customers with high consumption potential.

FY2022/23 Q1 Operational Sales Data

For the first quarter from 1 April to 26 June 2022, the Group's retail and wholesale turnover decreased by 4.7% compared to the same period of last year. The year-on-year changes of retail sales and same store sales are shown in the table below.

In local currencies	**YoY Change (%)**	
	Retail Sales	**Same Store Sales**
HK & Macau SARs	–9.5%	–4.1%
Online business	–4.2%	–
Mainland China	–16.4%	–22.0%
Malaysia	102.4%	50.5%
Group Turnover	–4.7%	–

Human Resources

As at 31 March 2022, the Group had closed to 3,100 employees. The Group's staff costs for the year under review were HK$651.8 million. Details on our human resources initiatives, training and development will be set out in the environment, social and governance report and the enterprise risk management report sections of the annual report for the year ended 31 March 2022.

Financial Review

Capital Resources and Liquidity

As at 31 March 2022, the Group's total equity funds amounted to HK$982.9 million including reserves of HK$672.6 million. The Group's working capital amounted to HK$453.7 million. The Group's continued to maintain a strong financial position with cash and bank balances amounted to HK$296.7 million and unutilised banking facilities of approximately HK$176.6 million. The Group has adequate funding for its operating needs. A revolving loan facility of up to HK$200.0 million was also made available to the Group on 31 March 2022 by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, the executive directors and controlling shareholders of the Company. The facility has further strengthened the Group's financial position with additional working capital, demonstrating the support from the controlling shareholders and their confidence in the long-term prospects of the Group's business. After taking into account the anticipated cash flows used in the Group's operations and the continued availability of the Group's banking and shareholder loan facilities, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the balance sheet date.

During the year, the majority of the Group's cash and bank balances were in Hong Kong dollar, Malaysian Ringgit, Macau Pataca, Renminbi and US dollar, and deposited in reputable financial institutions with maturity dates falling within a year. This is in line with the Group's treasury policy to maintain liquidity of its funds and continue to contribute a relatively stable yield to the Group.

Financial Position

Total funds employed (representing total equity) as at 31 March 2022 were HK$982.9 million, representing a 26.1% decrease over the funds employed of HK$1,330.1 million as at 31 March 2021.

The gearing ratio, defined as the ratio of total borrowings to total equity, was 10.4% as at 31 March 2022. The Group had no borrowings as at 31 March 2021.

Treasury Policies

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong dollar, US dollar, Euro, Renminbi or Malaysian Ringgit. Based on purchase orders placed, the Group enters into forward foreign exchange contracts with reputable financial institutions to hedge against foreign exchange exposure arising from non-Hong Kong dollar or non-US dollar denominated purchases. These hedging policies are regularly reviewed by the Group.

Charge on Group Assets

As at 31 March 2022, land and buildings with carrying value amounted to HK$106.1 million (2021: Nil) was pledged for banking facilities made available to the Group.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2022.

Capital Commitments

As at 31 March 2022, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$26.5 million.

Conclusion

The COVID-19 pandemic has clearly brought a huge impact on the world, disrupting business ecosystems and bringing both risks and opportunities. Sa Sa has adopted various responsive and proactive initiatives, consistently applying stringent cost and inventory control measures, expanding the revenue base of our businesses, and optimising our cost structure. These measures will ensure our success in navigating in this challenging market and pave the way for restoring our profitability.

Nearly two years of sustained social distancing measures have led to behavioural changes in our daily lives and accelerated retail digitalisation. The Group is committed to adapt and to cater for these shifting consumption patterns. Our initiatives include actively investing in the development of our online business, especially the OMO operations, which can leverage the advantages of Sa Sa's professional beauty consultant team, accelerating the integration of online and offline operations so as to create a seamless and pleasant omni-channel shopping experience for customers, and drive Sa Sa's next stage development.

Looking ahead, the retail sector is expected to remain under immerse pressure amid an arduous operating environment. In the face of prevalent external uncertainties, the Group will ceaselessly bolster its business foundation through various measures with the aim to build stronger resilience and mitigate negative consequences induced from the instability of a single market. Sa Sa will adhere to its pragmatic and flexible approach when striding into the new retail model, thereby laying a solid foundation in its development and creating long term value for stakeholders.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

"I would like to express my heartfelt gratitude to each of our staff for the professionalism and provision of warm customer services, for their continued support to the management team in these difficult times, and for their unrelenting efforts to safeguard public health and contribute to society amid the pandemic."

Dr KWOK Siu Ming Simon, ***SBS, JP***
Chairman and Chief Executive Officer

Dr KWOK LAW Kwai Chun Eleanor, ***BBS, JP***
Vice-chairman

Executive Directors

Dr KWOK Siu Ming Simon, *SBS, JP* Chairman and Chief Executive Officer§^

Dr Kwok is the Chief Executive Officer, an executive director of the Company, the Chairman of the Board and the Chairman of both the Executive Committee and the Risk Management Committee of the Company. Dr Kwok together with his wife, Dr Kwok Law Kwai Chun Eleanor, has overseen Sa Sa's operations since the Group's earliest days and successfully listed the Company on the Stock Exchange in June 1997. Over the past 44 years, Dr Kwok has played a leading role in transforming Sa Sa into a leading beauty product retailing group in Asia. Dr Kwok is currently a member of the Electoral Conference for Electing Deputies of the Hong Kong Special Administrative Region to the 13th National People's Congress, a member of the Election Committee (subsector of Representatives of Hong Kong Members of Relevant National Organisations), the Honorable Life President of the Cosmetic & Perfumery Association of Hong Kong, the Governing Council Adviser of Hong Kong Quality Tourism Services Association, the Honorary Founding President of the Professional Validation Centre of Hong Kong Business Sector, and the Honorary Life President of the Hong Kong Brands Protection Alliance, a council member of China Overseas Friendship Association, and a member and a Deputy Director of Economic Affairs Committee of the 8th Board of Directors of Friends of Hong Kong Association. Dr Kwok was also a committee member of the Chinese People's Political Consultative Conference of Hubei Province (2008 – 2017), Chairman of Quality Tourism Services Association (Dec 2013 – Dec 2017), the Honorary President of the Immigration Service Officers Association (2014 – 2016), and a member of Quality Tourism Services Committee and the Chairman of Quality Tourism Services Sub-Committee of Hong Kong Tourism Board (2016 – 2019).

Dr Kwok was named "Business Person of the Year" at the DHL/SCMP Hong Kong Business Awards 2018. He also received the "Best IR by Chairman/CEO" (small-cap category) from Hong Kong Investor Relations Association for sixth consecutive years from 2016 to 2021 and was selected for the "CAPITAL Leaders of Excellence 2014" by CAPITAL Magazine in 2015. In 2014, he received the "Global Outstanding Chinese Award" from the "Global Outstanding Chinese Association" and was selected for the "Who's Who Leadership Award Scheme" by the Asian College of Knowledge Management. In 2012, he received the "China Cosmetic Retail Industry Special Contribution Award" from the Circulation Industry Promotion Centre of Chinese Ministry of Commerce and the China Beauty Expo Organising Committee. Dr Kwok was an awardee in "The Directors of the Year Awards 2011" in the Listed Companies (SEHK – Non Hang Seng Index Constituents) category organised by the Hong Kong Institute of Directors, a winner of the "Owner-Operator Award" at the DHL/SCMP Hong Kong Business Awards 2007 and a winner in the Retail Category in the "Ernst & Young Entrepreneur of the Year Awards China 2006". Dr Kwok was elected University Fellow by The Hong Kong Polytechnic University in 2012, received the degree of Doctor of Business Administration *honoris causa* from the Open University of Hong Kong in 2011, and an *honoris causa* doctorate degree in Business Administration from Lingnan University in 2008.

Dr Kwok is an active participant in the work of charities. He is the First Vice-president (2014 – 2015 and 2020 – 2022) of the Community Chest of Hong Kong as well as Executive Committee Chairman (2014 – 2015 and 2020 – 2022), a member of the Board of Directors (2009 – 2015 and 2016 – 2022) and Vice Patron (since 2015), Dr Kwok is also a Committee Member of Heifer International (since 2009), a Board Member of Concerted Efforts Resource Centre (since 2009), an Executive Board Member of the Hong Kong AIDS Foundation (since 2006), and an Honorary Advisor and member (since 2006) of The Hong Kong Committee for the China AIDS Initiative. Dr Kwok was also a Vice-chairman of the Second & Third Board of Hongkong Kowloon Charitable Foundation Association Limited (2014 – 2020).

Dr Kwok is a director and shareholder of Sunrise Height Incorporated and Green Ravine Limited, the respective controlling and substantial shareholders of the Company. Both Dr Simon Kwok and Dr Eleanor Kwok have a 50% shareholdings in each of the two companies, in addition, Dr Kwok is a director of certain subsidiaries of the Group. Details of his interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". Save as aforesaid, Dr Simon Kwok does not hold any directorship in other listed companies in the past three years.

Dr Kwok is the father of Ms Kwok Sze Wai Melody, brother-in-law of Mr Law Kin Ming Peter. He is 69 years old.

* Member of the audit committee § Member of the executive committee
Δ Member of the remuneration committee ^ Member of the risk management committee
Member of the nomination committee

Dr KWOK LAW Kwai Chun Eleanor, *BBS, JP* Vice-chairman[Δ#§^]

One of the founders of the Group, an executive director of the Company and the Vice-chairman of the Board. She is a member of the Executive Committee, Remuneration Committee, Nomination Committee and Risk Management Committee of the Company. Dr Kwok has more than 40 years of experience in the sales and marketing of beauty products. With extensive professional knowledge and many years of experience in cosmetics retailing, she pioneered the unique operational concept of open-shelf display of beauty products, making shopping a more enjoyable experience. Dr Kwok plays a leading role in the marketing, operations, human resources and staff training functions of the Group.

Dr Kwok was named as one of the "Heroes of Philanthropy List 2020"in the Asia-Pacific region by Forbes Asia. She was awarded the "Women of Hope 2019 Entrepreneur Award" by Hong Kong Adventist Hospital Foundation in 2019. Dr Kwok was honoured the "Excellent Businesswomen" by Hong Kong Commercial Daily, the "Asian Outstanding Leaders Awards for Women" by Asian College of Knowledge Management and the "Asian Social Caring Leadership Award" by Social Enterprise Research Institute in 2017. Dr Kwok received "Most Successful Women Awards" by JESSICA Magazine in 2016. She was named "2013 Entrepreneur of the Year" in the Asia Pacific Entrepreneurship Awards 2013 Hong Kong by Enterprise Asia and received "The Excellent Award in Hong Kong Beauty Industry 2012/13" from the International CICA Association of Esthetic-CIDESCO Section China in 2012. Dr Kwok won the "Outstanding Women Entrepreneurs" award of the Hong Kong Women Professionals & Entrepreneurs Association in 2008, and received the "World Outstanding Chinese" award from the World Outstanding Chinese Association and World Chinese Business Investment Foundation in 2005. She was conferred an Honorary Doctorate of Management by Morrison University, USA, and an Honorary Fellowship by the Professional Validation Centre of Hong Kong Business Sector.

Dr Kwok is actively involved in chamber of commerce and charity activities. She is currently the Honorable President of the Cosmetic & Perfumery Association of Hong Kong (since 2009), President of Sa Sa Making Life Beautiful Charity Fund (since 2013), the Vice President of the Hong Kong Girl Guides Association (since 2012), Senator of the Hong Kong Federation of Women (2015 – 2023), the Honorary President of the Hong Kong Federation of Women (since 2005) and Committee Member of Hong Kong Federation of Women Entrepreneurs Committee (since 2004). Dr Kwok was also the Adviser (April 2017 – March 2018), Chairman (April 2016 – March 2017), the Vice-chairman (April 2012 – March 2016), Director (2006 – 2012) of Po Leung Kuk, initiating the "Making Life Beautiful" Beauty Ambassador Training Programme (2008 and 2009) and "Sa Sa Eternal Beauty" Charitable Programme (2018 – 2019) of Po Leung Kuk together with Sa Sa. She was also the Committee Member of the Major Sports Events Committee (2015 – 2018) and a patron of Caritas Fund Raising Campaign (2006 – 2020).

She is a director and shareholder of Sunrise Height Incorporated and Green Ravine Limited, the respective controlling and substantial shareholders of the Company. Both Dr Eleanor Kwok and Dr Simon Kwok have a 50% shareholdings in each of the two companies. Details of her interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". Dr Kwok is a director of certain subsidiaries of the Group. Save as aforesaid, Dr Eleanor Kwok does not hold any directorship in other listed companies in the past three years.

Dr Kwok is the wife of Dr KWOK Siu Ming Simon, mother of Ms Kwok Sze Wai Melody, and the sister of Mr Law Kin Ming Peter. She is 68 years old.

Dr LOOK Guy, Chief Financial Officer and Executive Director[§^]

Dr Look is the Chief Financial Officer and executive director of the Company, and a director of certain subsidiaries of the Group. He is also a member of the Executive Committee and member of the Risk Management Committee of the Company. Dr Look has over 35 years of experience in local and overseas financial and general management. Prior to joining Sa Sa in March 2002, he was the Chief Financial Officer and an executive director of Tom.com Limited (renamed TOM Group Ltd.). He holds a Bachelor's degree in Commerce and received a degree of Doctor of the University honoris causa from the University of Birmingham, England. Dr Look is an associate member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Dr Look is a member of the Executive Committee and the Chairman of the New Retail Sub-Committee of the Hong Kong Retail Management Association, a member of the CNBC Global CFO Council and a fellow member and a member of the Advisory Board of the Hong Kong Investor Relations Association.

Dr Look is a cousin of Ms LEE Yun Chun Marie-Christine. Details of his interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". He is 65 years old.

Ms KWOK Sze Wai Melody, *MH* Executive Director§

Ms Kwok is an executive director of the Company and a member of the Executive Committee of the Company. Ms Kwok joined the Group in 2005 as management trainee and has held various positions within the Group over the years. She was promoted to Vice President, Corporate Strategy & Development in April 2018, with oversight over business development strategy, marketing, brand management and product development.

Ms Kwok is a member of the Election Committee in the Wholesale and Retail subsector, a member of the Beauty and Hairdressing Industry Training Advisory Committee of Qualifications Framework of HKSAR Education Bureau and a member to the Fight Crime Committee of HKSAR Government. With extensive experience in cosmetic retailing, she has been President of the Cosmetic & Perfumery Association of Hong Kong since 2017, diligently promoting solidarity and safeguarding the interests of the Hong Kong cosmetic industry. She is also an executive director of the Hong Kong Federation of Guangzhou Associations (since 2015), Council Member of the Council of Guangzhou Overseas Friendship-Liaison Association (since 2013), Honorary Advisor of the Hong Kong Island Women's Association (since 2018), Founding Honorary Advisor of the Hong Kong O2O E-commerce Federation (since 2017) and Honorary President of International Beauty Professionals Validation Association (2014 – 2022).

Actively involved in community service and philanthropic activities, Ms Kwok has been President (since 2016) of the Southern District Association and Honorary Vice-President of the Hong Kong Girl Guides Association (2013 – 2021). She also supported the establishment of Sa Sa's first charity foundation "Sa Sa Making Life Beautiful Charity Fund" and acts as its Vice-chairman, working closely with numerous influential non-profit organisations. In 2021, Ms Kwok received the "Golden Bauhinia Award" by The Hong Kong Girl Guides Association. In 2019, she was named "CMO Marketer of the Year" by Hong Kong Institute of Marketing ("HKIM"), in recognition of her outstanding achievement and contribution in marketing strategy development. She was awarded the "Golden Bauhinia Women Entrepreneur Award" by the Golden Bauhinia Women Entrepreneur Association in 2016 and "Junior Chamber International City Lady Award" in 2014, in recognition of her contribution to society as well as art and culture.

Ms Kwok graduated from RMIT University, Australia, in 2002 with a Bachelor of Business degree. She obtained a Master's degree in International Business from Monash University, Australia, in 2004. She was conferred an Honorary Fellowship by the Professional Validation Centre of Hong Kong Business Sector in 2019.

Ms Kwok Sze Wai Melody is the daughter of Dr Kwok Siu Ming Simon and Dr Kwok Law Kwai Chun Eleanor, and the niece of Mr Law Kin Ming Peter. Details of her interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". She is 44 years old.

Mr HO Danny Wing Fi, Co-Chief Financial Officer and Executive Director§^

Mr Ho joined the Company as co-chief financial officer in April 2022 and was appointed as an executive director, member of the executive committee and member of the risk management committee of the Company with effect from 30 June 2022. He has over 20 years of experience in local and overseas financial and general management, as well as consumer journey digitalisation. Prior to joining the Company, Mr Ho was the chief financial officer of UMP Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong, where his primary focus was developing a digital first primary healthcare system in the Greater Bay Area. In 2012, Mr Ho joined Diageo plc ("Diageo"), a global leader in beverage alcohol listed on both the London Stock Exchange and the New York Stock Exchange. He was subsequently promoted to the CFO of Diageo's subsidiary, white spirits manufacturer and 'Shuijingfang' brand owner, Sichuan Swellfun Co., Ltd ("Swellfun"), a company listed on the Shanghai Stock Exchange, in 2014. Mr Ho was a director of Swellfun between July 2016 and September 2020. During his six years of tenure at Swellfun, he led the digital transformation of the company and digitalisation of the route-to-consumer, engaging with consumers in an omni-channel setting. Earlier in his career, Mr Ho spent 12 years at KPMG starting from 2000 and was a partner of the consumer markets assurance function when he resigned in 2012.

Mr Ho holds a Bachelor's degree in Economics and Accounting from the University of Liverpool and is qualified as a Chartered Accountant with The Institute of Chartered Accountants in England and Wales. He is also a member of the Hong Kong Institute of Certified Public Accountants and holds an EMBA from Kellogg-HKUST. He is 46 years old.

Non-Executive Director

Ms LEE Yun Chun Marie-Christine

Appointed as a non-executive director of the Company on 26 February 2013. Ms Lee has a proven leadership position in retailing, branding and marketing, with more than 17 years of experience. Ms Lee was an ambassador of Harry Winston (Hong Kong) Limited, focusing on sales, branding and marketing and successfully launched its debut shop in Hong Kong, from 2009 to 2016. Harry Winston is a world famous jeweller specialising in luxurious jewellery and jewellery watches. She is currently the director of Or-Tea, an international premium specialty tea brand created in Hong Kong and produced in Germany. Ms Lee is a founder of Sport Max HK Co Limited and Hope Sport Association, providing the highest standard of qualified and professional coaching in sports. She is also an advisory board member of Phoenix Property Investors (H.K.) Limited, a private equity real estate investment group focusing on first-tier pan-Asian markets.

Previously, Ms Lee was a product manager of Shiatos Limited, an agent managing and distributing various prestigious European and international brands in Hong Kong, like Hermes, Van Cleef & Arpels, Lalique, Baccarat, Bernardaud, Christofle, etc. She was responsible for retailing and marketing, and successfully launched world famous high fashions in Hong Kong. She also worked for Citicorp International/Citibank NA as an investment advisor manager for high net worth individuals, and marketed loans for multinational corporations.

Ms Lee is committed to community work. She is a lifetime founding benefactor of The Nature Conservancy, USA, and a founder of a non-profit charitable organisation, Sports for Hope Foundation, providing funding to highly-talented young underprivileged athletes who lack financial means to further their passion. Ms Lee obtained a Bachelor of Science in Biochemistry and Nutritional Sciences from Simmons College, Boston, United States and was conferred an Honorary Fellowship by King's College, London for the cancer research programme at the Guy's Hospital. She is a cousin of Dr LOOK Guy. She is 62 years old.

Independent Non-executive Directors

Ms KI Man Fung Leonie, *GBS, SBS, JP*[*Δ#]

Appointed as an independent non-executive director of the Company in December 2006. She is the Chair of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee of the Company. Ms Ki was a non-executive director of New World Development Company Limited whose shares were listed on the Main Board of The Stock Exchange of Hong Kong. She has more than 40 years of experience in integrated communication and marketing services. She was the founder, partner and Chairman/Chief Executive Officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms Ki is committed to community and public services, she was the first Chief Executive of The Better Hong Kong Foundation. She has been a Director of PMQ Management Company Limited. Currently she is a Founder and Honorable President of Wu Zhi Qiao Charitable Foundation and an honorable advisor of Youth Outreach and the Musicus Society. In 2018, she founded the Hong Kong Gaudeamus Dunhuang Ensemble to promote Dunhuang arts and culture. Ms Ki is a recipient of Honorary University Fellowship from The Open University of Hong Kong and The University of Hong Kong. She has been awarded the honor of Beta Gamma Sigma by the Faculty of Business Administration of The Chinese University of Hong Kong, and Justice of the Peace, Silver Bauhinia Star and Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. She also has been appointed as a member of the 12th Chinese People's Political Consultative Conference ("CPPCC") National Committee in 2013 and a member of the 10th, 11th & 12th CPPCC Yunnan Provincial Committee. She is 75 years old.

Mr TAN Wee Seng[*#]

Appointed as a non-executive director of the Company on 11 March 2010 and was re-designated from a non-executive director to an independent non-executive director on 26 June 2012. Mr Tan is the Chair of both the Audit Committee and the Nomination Committee of the Company. Mr Tan is a professional in value and business management consultancy. He is an independent director and Chairman of Audit Committee of ReneSola Ltd whose shares are listed on the New York Stock Exchange, a non-executive director, Chairman of Sustainability Committee, and member of Audit Committee and Nomination Committee of Xtep International Holdings Limited, an independent non-executive director and Chairman of Audit Committee of CIFI Holdings (Group) Co. Ltd., an independent non-executive director and Chairman of Remuneration Committee of Health and Happiness (H&H) International Holdings Limited and an independent non-executive director, Chairman of Audit Committee and Remuneration Committee of Shineroad International Holdings Limited, all the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong. He is also a board member and Chairman of the Finance and Operation Committee of Beijing City International School. Mr Tan was an independent non-executive director of Sinopharm Group Co. Ltd. whose shares are listed on the Main Board of The Stock Exchange of Hong Kong, and an independent director and Chairman of the Audit Committee of 7 Days Group Holdings Limited whose shares were listed on the New York Stock Exchange between November 2009 and July 2013 until it was privatised. He was the Chairman of the Special Committee for Privatization of 7 Days Group Holdings Limited from October 2012 to July 2013. Mr Tan has over 37 years of financial, operation and business strategy as well as management experience and has also held various senior management positions in a number of multinational and Chinese corporations. From 2003 to 2008, he was an executive director, Chief Financial Officer and Company Secretary of Li Ning Company Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong. From 1999 to 2002, he was the Senior Vice President of Reuters for the China, Mongolia and North Korea regions, and the Chief Representative of Reuters in China. Mr Tan is a fellow member of the Chartered Institute of Management Accountants, United Kingdom, and a fellow member of the Hong Kong Institute of Directors. He is 66 years old.

Mr CHAN Hiu Fung Nicholas, *MH, JP*[*Δ]

Appointed as an independent non-executive director of the Company on 2 September 2019. Mr Chan is a member of the Audit Committee and member of the Remuneration Committee of the Company. Mr Chan is a partner of an international law firm Squire Patton Boggs. He graduated from the University of Melbourne, Australia, in 1997 with a Bachelor of Laws degree and a Bachelor of Science (Computer Science) degree, and has been a solicitor in Hong Kong since May 1999. He was also admitted to the roll of solicitors in the following jurisdictions (but now non-practising): Australia Capital Territory (June 1997), State of Victoria in Australia (October 2000), and England and Wales (October 2007). He is also a China Appointed Attesting Officer.

Mr Chan was appointed as an independent non-executive director, Chairman of the Remuneration Committee and member of both the Audit Committee and the Nomination Committee of Million Cities Holdings Limited with effect from 10 December 2021 and was appointed as an independent non-executive director and a member of the Nomination Committee of Genertec Universal Medical Group Company Limited with effect from 22 June 2022, the shares of both companies are listed on the Main Board of The Stock Exchange of Hong Kong. Mr Chan is also an independent non-executive director and the Chairman of the Nomination Committee of Pangaea Connectivity Technology Limited and an independent non-executive director, Chairman of the Remuneration Committee, member of each of the Audit Committee, Nomination Committee and the Risk Management Committee of Q P Group Holdings Limited, all the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong.

Mr Chan is a member of the 13th National People's Congress of the People's Republic of China (April 2019 – around March 2023) and an adjudicator or panel member of a number of appeal boards or advisory committee in the Hong Kong Special Administrative Region, including: member of the Advisory Committee on Promotion of Arbitration (August 2018 – March 2024), member of the Innovation and Technology Commission "Innovation and Technology Venture Fund" Advisory Committee (since June 2017), member of the Legal Aid Services Council (September 2018 – August 2022), Chairman of the Appeal Tribunal Panel (Buildings) (December 2012 – December 2020), and substantive member of the Human Organ Transplant Board (February 2018 – February 2024).

Mr Chan is currently a director of the AALCO Hong Kong Regional Arbitration Centre (since May 2022), Vice-Chairman of the InnoTech Committee of The Law Society of Hong Kong, Council Member of Fu Hong Society (since November 2018), Council Member of The Chinese University of Hong Kong (since June 2022), member of the PCLL Academic Board of The University of Hong Kong, member of the PCLL Academic Board of The City University of Hong Kong, member of The Hong Kong Polytechnic University Technology Transfer Management Committee, Hospital Governing Committee Member of Castle Peak Hospital and Siu Lam Hospital, Independent Member of the Travel Industry Council of Hong Kong Appeal Board, member of the Hong Kong Athletes Career and Education Programme Committee, Sports Federation & Olympic Committee of Hong Kong, China, a director of the Hong Kong Football Association and member of the 7th council of Hong Kong Youth Exchange Promotion United Association (since Jan 2022).

Mr Chan is also the Honorary Legal Advisor of some charities and trade associations including the Hong Kong Association of Interactive Marketing (HKAIM), Hong Kong Creative Industries Association (HKCIA), e-Learning Consortium, Hong Kong General Chamber of Cross-border E-Commerce (HKGCCE), Hong Kong Information Technology Federation (HKITF), Hong Kong Internet Service Providers Association (HKISPA), Hong Kong O2O E-Commerce Federation, and International Federation of Creativity and Technology (IFOCAT).

Mr Chan was a Council Member of The Law Society of Hong Kong (December 2014 – May 2019), member of HKSAR Passports Appeal Board (October 2011 – October 2017), adjudicator of the Immigration Tribunal (October 2013 – October 2019), member of Solicitors Disciplinary Tribunal Panel in the Hong Kong Special Administrative Region (September 2010 – September 2016), Chairman of the Knowledge Transfer Committee and Council Member of The Hong Kong University of Science and Technology (April 2016 – March 2022) and Chairman (June 2018 – May 2020) and Vice-Chairman (May 2020 – June 2022) of eBRAM International Online Dispute Resolution Centre Limited. He is 48 years old.

Senior Management

Mr LAW Kin Ming Peter

Senior Vice President, Category Management and Product Development

Joined Sa Sa in January 1996, Mr Law was appointed as Senior Vice President, Category Management and Product Development in January 2008. He has more than 37 years of experience in the field of sales and marketing, 25 of which were in senior management positions. He is also a director of a subsidiary of the Group. Mr Law oversees the Group's category management and product development function. He is also responsible for the Group's acquisition of exclusive distribution rights of international brands and the development of the Group's house brand products. He holds a Bachelor's degree in Arts majoring in Communications Studies from the University of Windsor, Ontario, Canada and pursued a Bachelor's degree in Commerce later. Mr Law is the Honorary Advisor of the Cosmetic & Perfumery Association of Hong Kong. Mr Law is the brother of Dr KWOK LAW Kwai Chun Eleanor, the brother-in-law of Dr KWOK Siu Ming Simon and the uncle of Ms KWOK Sze Wai Melody. He is 66 years old.

Ms MAK Sum Wun Simmy

Senior Vice President, General Counsel and Company Secretary

Ms Mak was General Counsel and Company Secretary of the Company from September 2009 to September 2012. She re-joined Sa Sa in October 2014 and was promoted to her present position in April 2018. Ms Mak holds a Bachelor of Laws degree from Cardiff University, a Master's degree in International Laws from Peking University, and a Master of Science degree in Finance from The Chinese University of Hong Kong. She was admitted as a solicitor in Hong Kong and in England and Wales in 1993, and was called to the Bar in Hong Kong in 2001. She remained as a barrister in Hong Kong until 2008 when her name was restored to the roll of solicitors in Hong Kong. Ms Mak has over 20 years of experience in legal and company secretarial practices. She is 56 years old.

CORPORATE GOVERNANCE REPORT

"At Sa Sa, we recognise the importance of good corporate governance in delivering long-term, sustainable results. We are therefore committed to maintaining the highest standards of corporate governance."

Highlights in Corporate Governance Practices for 2021/22

Below are the highlights of our ongoing initiatives for the development of our corporate governance practices during the year ended 31 March 2022:

Effective Governance

Confronted with multiple challenges during the Covid-19 pandemic, the Board held six, instead of the usual five, board meetings in the year ended 31 March 2022. Time commitment by our non-executive directors (including INEDs) increased by over 20% during the year.

Strategic Meeting with Management

The Board held an in-depth half-day meeting with management during the year to deliberate on the Company's OMO (online merge offline) strategy and other developments.

Hybrid AGM

We held our hybrid annual general meeting second year in a row providing options for shareholders and their proxies to join the AGM in person or online.

A Diverse and Engaged Board

We continue to ensure a diverse board, with equal number of female and male directors from diverse background with different skill sets. Our board remained highly engaged with 100% attendance rate at meetings of the board, audit committee, nomination committee, remuneration committee and risk management committee.

Compliance with Corporate Governance Code (CG Code)

The CG Code is the standard against which we measure ourselves. Throughout the year ended 31 March 2022, we have complied with all but one of the code provisions in the CG Code, but we also exceeded the CG Code in the following aspects:

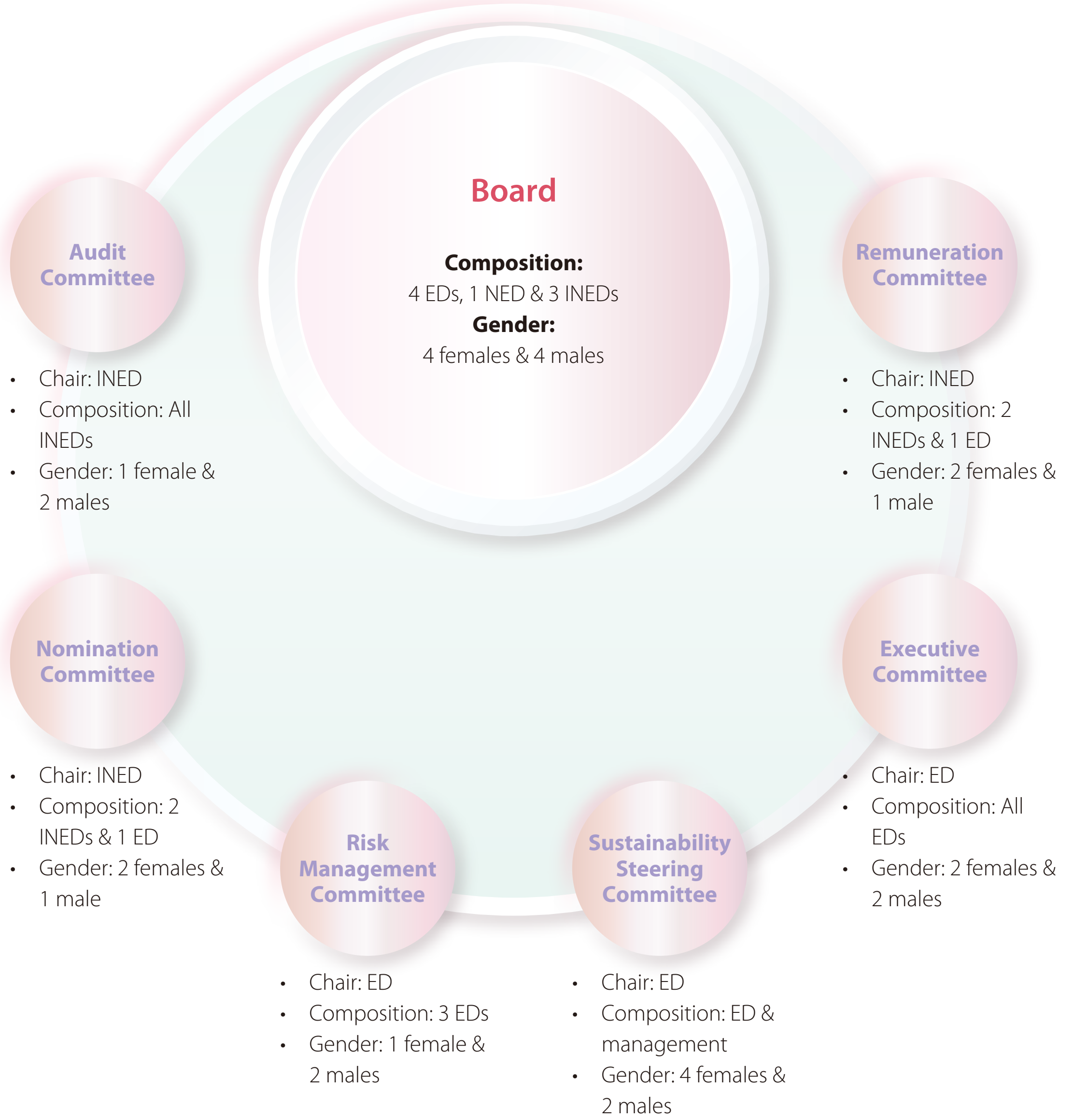
- ✓ Continued to hold our annual general meeting in hybrid form allowing participants the flexibility of attending in person or virtually.
- ✓ Held a total of six board meetings and 20 board committee meetings altogether, exceeding the minimum required by the CG Code.
- ✓ Board evaluation was conducted at regular intervals.
- ✓ We have formal criteria for the nomination and re-appointment of directors.
- ✓ We issue a formal letter of appointment for non-executive directors. The letter deals with a range of matters regarding a director's appointment and responsibilities.
- ✓ All members of our Audit Committee are independent non-executive directors as opposed to the majority.
- ✓ The Audit Committee held two private meetings with the external auditor without the presence of any of our executive directors during the year.
- ✓ In addition to the Audit Committee, Nomination Committee and Remuneration Committee, we have established an Executive Committee and a Risk Management Committee, each with specific written terms of reference setting out clearly the individual committee's duties and authorities. Since 2018/19, we have established a Sustainability Steering Committee chaired by an executive director of the Company.
- ✓ The Board has established terms of reference, with a clear division of roles with Management. These terms set out the Board's responsibility for formulation of strategy and its monitoring role.
- ✓ We have included a separate Enterprise Risk Management Report, which sets out Sa Sa's risk management framework and how Sa Sa manages the Group's material risks in our annual report.
- ✓ We have a formal Environmental, Social and Corporate Governance Policy and have published an Environmental, Social and Governance Report since 2012.
- ✓ Among other policies, we have a Whistleblowing Policy for employees, a Gifts and Entertainment Policy, and Guidelines on Prevention of Bribery Ordinance, all of which are published on our corporate website.
- ✓ We gave more than 40 clear business days' notice for our annual general meetings.
- ✓ To further increase efficiency of communication, protection of the environment and to save costs for the Company, arrangements have been made since 2009 to ascertain shareholders' preferences as to the means of receiving corporate communications and shareholders are encouraged to elect for electronic communications.

Deviation from the Corporate Governance Code

Code Provision A.2.1

The roles of chairman and chief executive should be separate and should not be performed by the same individual under code provision A.2.1 of the CG Code. We have deviated from the code in that Dr KWOK Siu Ming Simon is both the chairman and CEO of the Company. The division of responsibilities between the two roles are, however, clearly established and set out in writing in the respective terms of reference for the chairman and the chief executive officer. Dr Kwok, being one of the founders of the Group, has superior knowledge of our business and is a veteran of the retail industry. The Board is therefore of the view that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and maximises the effectiveness of our operations. We will, nevertheless, periodically review the Board's structure going forward in light of the evolving needs of the Group and consider segregation of the two roles if and when appropriate.

Our Governance Structure#



Structure as at 31 March 2022. Since 30 June 2022, one additional ED joined the Board. He was also appointed a member of the Executive Committee and a member of the Risk Management Committee.

Corporate Governance at Sa Sa

Board Effectiveness

- Eight directors*
- INEDs: 37% *
- Female directors: 50% *
- Average age: 62 *
- Board meeting attendance rate: 100%
- INEDs serving more than nine years: 67%
- Board evaluation: conducted at regular intervals of two to three years
- Diverse board with multiple perspectives and a wide range of skills and experience

Audit and Risk

- All members of Audit Committee are INEDs
- Audit Committee meeting attendance: 100%
- Members of Audit committee meet with external auditor annually without presence of EDs and NED
- Internal audit function in place
- Risk Management Committee established
- Enterprise risk management system in place
- Whistle-blowing policy
- Policy in place to safeguard objectivity and independence of external auditor

Stakeholders

- Regular engagement
- Dividend policy
- Shareholders communication policy
- Shareholders rights explained on Company's website

* As at 31 March 2022

Leadership

Composition of the Board and Board Committees#

Board

Dr KWOK Siu Ming Simon (Chairman and Chief Executive Officer)
Dr KWOK LAW Kwai Chun Eleanor (Vice-chairman)
Dr LOOK Guy (Chief Financial Officer)
Ms KWOK Sze Wai Melody
Ms LEE Yun Chun Marie-Christine
Ms KI Man Fung Leonie
Mr TAN Wee Seng
Mr CHAN Hiu Fung Nicholas

Audit Committee

Mr TAN Wee Seng (Chair)
Ms KI Man Fung Leonie
Mr CHAN Hiu Fung Nicholas

Nomination Committee

Mr TAN Wee Seng (Chair)
Dr KWOK LAW Kwai Chun Eleanor
Ms KI Man Fung Leonie

Remuneration Committee

Ms KI Man Fung Leonie (Chair)
Dr KWOK LAW Kwai Chun Eleanor
Mr CHAN Hiu Fung Nicholas

Executive Committee

Dr KWOK Siu Ming Simon (Chair)
Dr KWOK LAW Kwai Chun Eleanor
Dr LOOK Guy
Ms KWOK Sze Wai Melody

Risk Management Committee

Dr KWOK Siu Ming Simon (Chair)
Dr KWOK LAW Kwai Chun Eleanor
Dr LOOK Guy

As at 31 March 2022. Since 30 June 2022, one additional ED joined the Board. He was also appointed a member of the Executive Committee and a member of the Risk Management Committee.

The Board has a balanced composition, comprising four executive directors, one non-executive director and three independent non-executive directors. This composition well fulfils the parameters of the CG Code, which requires listed issuers to have independent non-executive directors representing at least one-third of the Board.

The biographical details of each of our directors, including the relationship between Board members, are set out on pages 45 to 50 of this Annual Report. An updated list of our directors, identifying their respective roles and functions together with their biographical details, is displayed on the Stock Exchange's website and our corporate website.

Independence

We have a strong element of independence on the Board, providing independent and objective oversight on strategic issues and performance matters. The Audit Committee, Remuneration Committee and Nomination Committees are each chaired by an independent non-executive director.

Board Independence#

Some of our INEDs have served as our board members for more than nine years. While this could be relevant to the determination of independence, it is well recognised that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence of INEDs, the Board and the Nomination Committee consider the individual directors' character and judgement as demonstrated by their commitment and contribution to the Board during their years of service and other relevant factors. We are of the view that the INEDs who have served more than nine years, namely Ms KI Man Fung Leonie and Mr TAN Wee Seng, despite their length of service, have always expressed their views independently, objectively and impartially, constructively challenging the views of the other directors and testing the arguments whenever necessary. Their length of service also means they have in depth knowledge of the Company and the challenges that it faces which assisted greatly with the determination of long term goals and strategies. The Board is satisfied that Ms Ki and Mr Tan remain independent despite their years of service and that they will continue to effectively contribute as board members. The Board is of the view that each of our INEDs meets the independence guidelines as set out in rule 3.13 of the Listing rules and that they are able to continue to fulfill their roles as required.

As at 31 March 2022. Since 30 June 2022, one additional ED joined the Board. He was also appointed a member of the Executive Committee and a member of the Risk Management Committee.

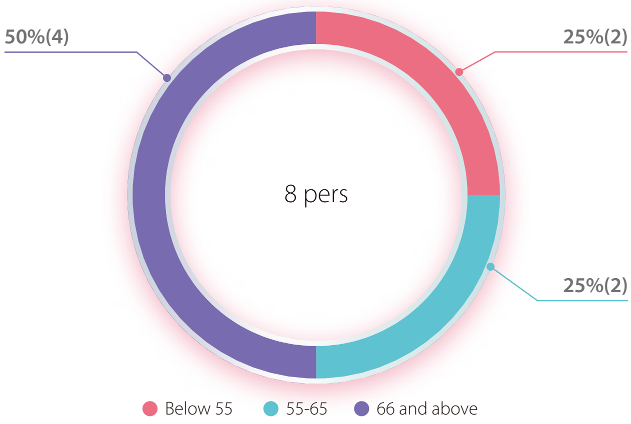
Board Diversity#

We recognise the benefit and value of diversity across the organisation, and endorse the view that a diverse board, with a breadth of perspective, is one of the key drivers of an effective board.

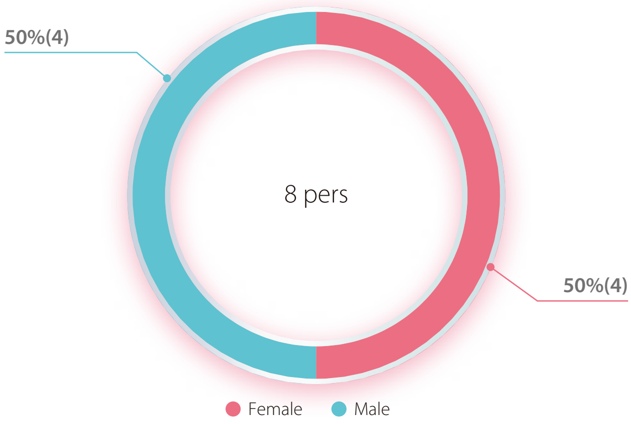
We have a highly diverse board in terms of age, gender, academic background, nationality, professional experience and industry experience. Over 37% of our directors have either obtained a PhD or have been conferred an Honorary Doctorate degree. We have directors with in-depth knowledge of the Mainland, a market on which we place great emphasis. Collectively, the Board possesses experience in retail, finance and accounting, law, branding and marketing, talent management, Mainland market, community services, management and technology.

Our Board Diversity Policy reinforces the significant role women directors play in the Company and pledges to ensure a strong female representation at board level. Women directors made up 50% of our board members as at 31 March 2022. The policy will be reviewed periodically to ensure it remains relevant to the Company's needs and reflects both regulatory requirements and good corporate governance practices. A full version of the policy is set out below. It can also be found on our corporate website.

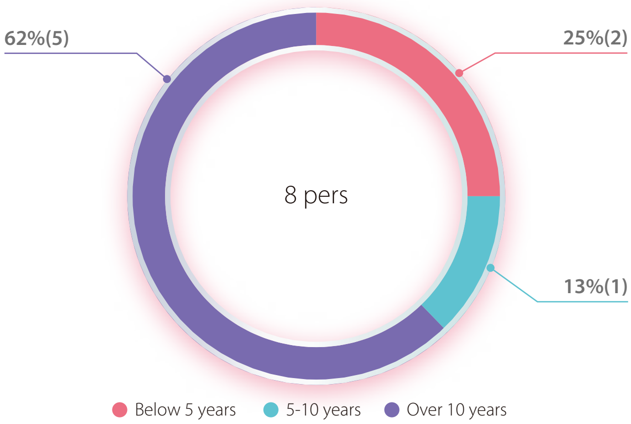
Age diversity



Gender diversity



Length of services



As at 31 March 2022. Since 30 June 2022, one additional ED joined the Board. He was also appointed a member of the Executive Committee and a member of the Risk Management Committee.

Board Diversity Policy

Purpose

1. The Company recognises the benefit and value of diversity across the organisation, and endorses the view that a diverse board, with a breadth of perspective, is one of the key drivers of an effective board.

2. This policy sets out the framework in achieving board diversity in the Company.

Policy Statement

3. In considering and reviewing board composition, both the Nomination Committee and the Board will consider the benefits of all aspects of diversity, including age, gender, skills, knowledge, experience, expertise, professional and educational qualifications, background and other personal qualities of the directors. While the ultimate decision of all board appointments would be based on meritocracy and the contributions that the director candidate is expected to bring, considerable weight would be given to ensuring a diverse board with balanced composition.

Measurable Objectives

4. Women directors will continue to play a significant role in the Company and the Board will ensure there is strong female representation at board level.

Review and Monitoring

5. This policy will be reviewed periodically to ensure it remains relevant to the Company's needs and reflects both regulatory requirements and good corporate governance practices.

Language Version

6. The text of this policy appears in both English and Chinese languages. In case of discrepancy, the English version shall prevail.

Approval of this Policy

7. This policy was first adopted by resolutions of the directors passed on 16 August 2013, and last amended by resolutions of the directors passed on 20 February 2019.

Appointment and Re-election of Directors

All our NEDs (including INEDs) are appointed for a specific term of not more than three years. Newly appointed directors are required to offer themselves for re-election at the first Annual General Meeting (AGM) following their appointment. Under the articles of association of the Company, at least one-third of the directors are subject to retirement by rotation at the AGM at least once every three years. If so recommended by the Nomination Committee, retiring directors who are eligible may offer themselves for re-election by the shareholders at the AGM at which he or she retires.

Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Ms LEE Yun Chun Marie-Christine will retire by rotation at the AGM to be held in August 2022. All of them, being eligible, will offer themselves for re-election by the shareholders at the AGM. After 20 years of dedicated service, our executive director and chief financial officer, Dr LOOK Guy will retire upon conclusion of the AGM in August 2022.

Further details in relation to the re-election of directors will be set out in the circular which will be dispatched to Shareholders together with the notice of AGM. We confirm that all Directors' appointments and re-elections were conducted in compliance with the articles of association of the Company and the CG Code in the year under review.

Nomination Policy

Our Nomination Policy setting out the criteria and procedures to be adopted when considering director candidates to be appointed or re-appointed as directors was first adopted by the Board in 2012 and was last amended in the financial year ended 31 March 2019. One of the policy objectives is to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Our Nomination Criteria

When selecting a candidate to be nominated for directorship or re-appointment, considerations will be given to the following:

(a) age, gender, skills, knowledge, experience, expertise, professional and educational qualifications, background and other personal qualities of the candidate;
(b) effect on the board's composition and diversity;
(c) ability and commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments should be considered;
(d) potential/actual conflicts of interest that may arise if the candidate is selected;
(e) the contributions that the candidate is expected to bring;
(f) independence of the candidate; and
(g) other factors considered to be relevant on a case by case basis.

The following is a summary of the nomination procedures and process adopted by the Company for newly appointed directors. In cases of re-appointment of existing directors, a physical meeting would be held to consider the re-appointment based on the criteria set out above.

Nomination Committee

- Identifies or selects candidates, with or without assistance from external agencies or the Company, pursuant to the criteria set out above
- May use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations, written submissions by the candidate or third party reference
- Holds a physical meeting to consider the matter and would avoid the making of decisions by written resolutions unless it is impractical that a physical meeting be held
- Provides all relevant information and makes recommendation to the Board, including the terms and conditions of the appointment
- If approved by the Board, the appointment would be confirmed by a letter of appointment approved by the Nomination Committee

Board

- Deliberates and decides on the appointment based upon the recommendation of the Nomination Committee
- Newly appointed directors may only hold office until the first AGM following the appointment. If eligible, they may stand for election by shareholders. A circular accompanying the notice of the AGM containing all relevant information would be sent to shareholders by the Board

Shareholders

- Vote on the directors' re-election at the Company's AGM

Clear Division of Responsibilities

Between Chairman and Chief Executive Officer

Although the positions of the chairman of the Board and CEO are currently held by the same individual, Dr KWOK Siu Ming Simon, their respective responsibilities are clearly established and set out in the Terms of Reference for the chairman and the CEO, which are available on our website.

In his capacity as chairman of the Board, Dr Kwok has met with all the INEDs without the presence of other directors every year since 2012. In his capacity as the CEO of the Company, Dr Kwok meets with the other executive directors and management team regularly to ensure that issues requiring attention are handled efficiently and in a timely manner.

A summary of the respective roles of the Chairman and the CEO is set out below:

Chairman

Board Effectiveness

- Provides leadership to the Board to enable it to discharge its functions effectively.

Corporate Goals and Governance

- Takes primary responsibility for ensuring that good corporate governance practices and procedures are established.
- Ensures that the Board and management are committed to the maintenance of good corporate governance practices and procedures.
- Ensures that the management led by the CEO effectively implement the corporate goals and strategies formulated by the Board.

Board Business and Discussion

- The Chairman:
  - draws up the agenda for each Board meeting with the assistance of the Company Secretary;
  - ensures that all directors are properly briefed on issues arising at the Board meetings and on all other key and appropriate issues in a timely manner;
  - encourages all directors to make an active contribution to the Board's affairs and takes the lead in ensuring that the Board acts in the best interests of the Company;
  - encourages directors with different views to voice their concerns, and allows sufficient time for discussion of issues on which the Board can deliberate and reach decisions;
  - ensures that all directors receive, in a timely manner, meeting materials including supporting analysis and presentation materials which should be adequate, accurate, clear, complete and reliable; and
  - promotes a culture of openness and debate, while actively encouraging directors with different views to voice their opinions and be fully engaged in the Board's affairs.

Communication with Shareholders

- Ensures that there is effective communication with shareholders, and that each director develops and maintains an understanding of stakeholders' views.

CEO

Management of the Group's Business and Affairs

- Provides leadership to the management.
- Ensures effective implementation of the strategies and objectives agreed by the Board.
- Responsible for the day-to-day management and business of the Group. Meets with management regularly to discuss and develop strategic operating plans in pursuance of meeting objectives of the Board and to maintain optimum operational performance.
- Leads management in the design, implementation and monitoring of the risk management and internal control systems.

Quality Information for the Board

- With the support and assistance of the Company Secretary and management, provides the Board with high quality information and recommendations to enable informed decisions to be made.

Executive Directors

In the year ended 31 March 2022, we have four executive directors who together form the Executive Committee. The Committee, led by the CEO, is accountable to the board while the executive directors are leaders of the management team. The role and responsibilities of, and details of work done by, the Executive Committee are set out on pages 66 and 69.

Non-Executive Directors (including INEDs)

Non-executive directors (including INEDs) are not part of the Company's management but they make a positive contribution to the development of the Group's strategy and policies. INEDs also scrutinise the Group's performance through informed insight and independent judgements. They have not been reserved in asking questions and challenging management's views and recommendations, which role is vital to fulfilling the objectives set by the Board. In order to preserve well-balanced governance, the Board has ensured that all members of the Audit Committee are INEDs, and that the majority of the members of the Nomination Committee and Remuneration Committee are INEDs.

The Board and the Management

The Board is responsible for the overall conduct of the Group's affairs and monitors the performance of the management. The Board delegates and gives clear directions to the management as to their powers of management and the circumstances in which the management should report back or obtain prior Board approval.

Management for the purpose of this corporate governance report refers to the Company's executive directors, all senior vice-presidents, vice-presidents, department directors and associate directors of the Group. They are responsible for the day-to-day operations, management and administration of the Group under the leadership of the Executive Directors (Executive Committee). They also execute and implement strategies and directions determined by the Board. Their respective responsibilities are clearly established and set out in the Terms of Reference for the Board and the management, which is available on our corporate website. The management provides monthly updates to the Board to enable Board members to discharge their duties more effectively.

Members of our management are frequently invited to attend Board meetings to report and engage in discussion with the Board in respect of strategy, budget planning, progress and performance updates. This is to ensure that the Board has a general understanding of the Group's business so that they can make informed decisions for the benefit of the Group. Members of the management are required to answer any questions or challenges posed by the Board. All Board members also have separate and independent access to our management.

In addition to regular Board meetings, twelve separate management meetings chaired by the CEO were held during the year to review, discuss and make decisions on financial and operational matters.

The department heads of major business units also met with the Executive Committee on a regular basis to report, enhance and strengthen cross-departmental communications and coordination.

Board, Board Committees and Annual General Meeting

Meetings in 2021/22

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
					AGM						
B		B			B		B			B	B
A		A			A		A				
R											
		N									
E	E	E	E	E	E	E	E	E	E	E	E
					RM						RM

AGM Annual General Meeting
B Board
A Audit Committee
R Remuneration Committee
N Nomination Committee
E Executive Committee
RM Risk Management Committee

Attendance at Meetings

The following table shows the attendance of Directors at Board meetings, Board Committee meetings and the AGM held in the year ended 31 March 2022.

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee	Risk Management Committee	Annual General Meeting
Executive Directors							
Dr KWOK Siu Ming Simon	6/6	4/4*	1/1*	1/1*	12/12	2/2	1/1
Dr KWOK LAW Kwai Chun Eleanor	6/6	4/4*	1/1	1/1	11/12	2/2	1/1
Dr LOOK Guy	6/6	4/4*	N/A	N/A	11/12	2/2	1/1
Ms KWOK Sze Wai Melody	6/6	4/4*	N/A	N/A	12/12	N/A	1/1
Non-Executive Director							
Ms LEE Yun Chun Marie-Christine	6/6	4/4*	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors							
Ms KI Man Fung Leonie	6/6	4/4	1/1	1/1	N/A	N/A	1/1
Mr TAN Wee Seng	6/6	4/4	N/A	1/1	N/A	N/A	1/1
Mr CHAN Hiu Fung Nicholas	6/6	4/4	1/1	N/A	N/A	N/A	1/1
Total number of meetings	**6**	**4**	**1**	**1**	**12**	**2**	**1**
Average attendance rate of directors^	100%	100%	100%	100%	95.8%	100%	100%

Notes:
Attendance is expressed as the number of meetings attended out of the number of meetings held.
Those marked with an (*) Attended as an invitee only.
(^) Average attendance rate is calculated without the invitees.

When directors are unable to attend a Board or Board Committee meeting, they have the opportunity beforehand to review the relevant papers and discuss any agenda items or provide comments to the Chairman, or Committee Chairman, as appropriate.

Work done by the Board in the year ended 31 March 2022:

6 meetings (100% attendance rate)

Financial

- ✓ Approved the annual results and annual report for the year ended 31 March 2021.
- ✓ Reviewed financial performance against budget and the market.
- ✓ Approved the interim report and interim results announcement for the six months ended 30 September 2021.
- ✓ Considered the unaudited quarterly results.
- ✓ Approved the content of various corporate communications and disclosure including results announcement, annual report and circulars to the shareholders regarding the annual general meeting and share buy-back mandate.
- ✓ Approved the revolving loan facility provided to the Group by the controlling shareholders of the Company and considered its terms.

Strategic planning and business performance

- ✓ Reviewed and considered the Group's budget, strategic plans, short and long-term goals, business, financial and sustainability performance, as well as market and regulatory developments (with participation by management from time to time).

Corporate governance

- ✓ Approved the re-appointment of Ms KI Man Fung Leonie as INED.
- ✓ Approved the re-elections of Dr LOOK Guy, Ms KI Man Fung Leonie and Mr TAN Wee Seng as directors at the annual general meeting held on 15 September 2021.
- ✓ Approved the re-appointment of PwC as auditor of the Company.
- ✓ Considered reports from the chairs of the different board committees.
- ✓ Considered regulatory updates.
- ✓ Considered ESG risks, performance and updates.

Model Code for Securities Transactions by Directors

We have adopted our own written policy regarding securities transactions on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (Model Code). The written policy is extended to certain "relevant employees" who, because of his/her office or employment in the Company or its subsidiary, may possess inside information in relation to the Company or its securities. We have received confirmation from all Directors and relevant employees that they have complied with the policy throughout the period under review.

Directors' and Officers' Insurance

We have maintained a Directors' and Officers' (D&O) Liability Insurance, which provides cover for any claims brought against our directors and officers since 2001. The coverage is reviewed every year to ensure that it remains adequate in light of changing trends in the insurance market and other relevant factors. The Insurance Policy is available for inspection by the directors upon request. No claim has been made against the Insurance Policy since 2001.

Conflict of Interest

All Directors are required to comply with their common law duty to act in the best interests of the Company and to have particular regard to the interests of the shareholders as a whole. Any perceived, potential or actual conflicts of interest between the Group and its directors are to be avoided. The Directors are required to disclose their interests, if any, in any transactions, arrangements or other proposals considered by the Board at Board meetings. They are further required to abstain from voting if any conflicts of interest arise or if they become aware of any perceived or potential conflicts of interest. All declared interests are properly recorded and made accessible by Board members. No director voted on any matter involving a potential or actual conflict of interest between himself/herself and the Company or any of its subsidiaries throughout the year ended 31 March 2022.

Induction and Continuous Professional Development

We recognise that professional developments for directors is a major contributor to the maintenance of high corporate governance standards in the Company. We have adopted our own policy on Induction of and Continuous Professional Development for Directors since 2005. The Board has, from time to time, reviewed and monitored the implementation of this policy to ensure its effectiveness.

Director's Role and Responsibilities

New Director's Induction and Continuous Professional Development (CPD)

All newly appointed directors are provided with induction and training on appointment. Subsequently, all directors are required to undertake continuous professional development arranged by the Company or the director himself/herself.

All Directors have provided their training records to the Company and confirmed their respective records on a semi-annual basis. The chart below summarises the participation of Directors in training and continuous professional development during the year.

Name	Attending trainings/ briefings/ seminars/ conferences	Reviewing legislative or regulatory updates	Reading materials relevant to the Company or its business/ attending corporate events
Dr KWOK Siu Ming Simon	✓	✓	✓
Dr KWOK LAW Kwai Chun Eleanor	✓	✓	✓
Dr LOOK Guy	✓	✓	✓
Ms KWOK Sze Wai Melody	✓	✓	✓
Ms LEE Yun Chun Marie-Christine	✓	✓	✓
Ms KI Man Fung Leonie	✓	✓	✓
Mr TAN Wee Seng	✓	✓	✓
Mr CHAN Hiu Fung Nicholas	✓	✓	✓

Company Secretary

Our Company Secretary is an employee of the Company and reports to the Chairman and CEO. She also acts as secretary to most of our Board Committees. She advises and supports the Board on governance matters and ensures that proper procedures are followed by the Board and Board committees at all times. She also assists the board chairman and committee chairman in drawing up the agenda for each meeting.

All board members have access to the advice and services of the Company Secretary. In the year ended 31 March 2022, the Company Secretary has complied with the requirement to undertake at least 15 hours of relevant professional training.

Effectiveness

Board Evaluation

We have conducted board evaluations since 2016. A broad range of areas have been assessed including board composition, sufficiency and effectiveness of the board committees, board process, board effectiveness, professional developments and, most importantly, the skills required of directors in the context of the Company's strategic development.

The Board is committed to reviewing its own performance and effectiveness at regular intervals of two to three years. The last board evaluation was conducted in April 2022 just after the end of the financial year under review.

Delegation by the Board

As an integral part of good corporate governance and to enhance the function of the Board, five Board Committees – Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and Risk Management Committee – have been established to assume responsibilities for and to oversee particular aspects of the Company's affairs. Board Committees report to the Board on their decisions and make recommendations at Board meetings.

Regular Board Committee meetings were held during the financial year and the number of meetings and attendance of individual committee members are set out on page 62. Throughout the year, the Board Chairman and Board Vice-chairman also attended the Board Committee meetings at the invitation of the Board Committees.

All Board Committees are provided with sufficient resources to discharge their duties and are empowered to obtain independent legal or other professional advice at the Company's expense in appropriate circumstances.

Board Committees

Board

Audit Committee
(All members are INEDs)

Key responsibilities:

To review and monitor the Group's relationship with the external auditor and the auditor's independence; to monitor the integrity of the Group's financial information and review significant reporting judgements contained in it; to oversee the Group's financial reporting; on behalf of the Board to review the effectiveness of internal control and risk management procedures; to consider major investigation findings on internal control matters and management's response to these findings; and the audit process.

Nomination Committee
(Majority of the members are INEDs)

Key responsibilities:

To make recommendations to the Board for selection of potential Board members, appointment and re-appointment of directors; to review the structure, size and composition of the Board; to assess the independence of INEDs; and to determine the policy for nomination of directors.

Remuneration Committee
(Majority of the members are INEDs)

Key responsibilities:

To determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; and giving due regard to the Company's financial status, to ensure the directors and senior management are fairly rewarded.

Executive Committee
(All members are EDs)

Key responsibilities:

To ensure successful implementation of the corporate strategy and directions of the Group as determined by the Board.

Risk Management Committee
(All members are EDs)

Key responsibilities:

To provide leadership to the management in relation to risk management and internal control, including monitoring the implementation of the Enterprise Risk Management Programme; to review and approve recommendations for engaging external consultants to assist with risk management, delegated responsibilities for leading management in the establishment and maintenance of an appropriate and effective risk management and internal control system.

Audit Committee
Work done by the Audit Committee in the year ended 31 March 2022:

4 meetings (100% attendance rate)

Internal audit
- ✓ Received and considered the internal audit reports including:
  - Internal audit progress;
  - Significant internal audit findings and follow-up implementation status on prior audit findings;
  - Shop visits' progress and results;
  - ERM progress results;
  - Annual internal audit plan; and
  - Major investigation findings on internal controls and management's response to these findings.
- ✓ Considered the adequacy of resources of the internal audit function and its effectiveness.

Risk management and internal control system
- ✓ Evaluated the adequacy and effectiveness of the Group's risk management procedures and internal control system covering all material controls, including financial, operational and compliance controls.

Financial reporting
- ✓ Reviewed and considered the annual results for the year ended 31 March 2021 and related documents.
- ✓ Reviewed and considered the interim results for the six-months ended 30 September 2021 and related documents.
- ✓ Considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

External audit
- ✓ Considered the re-appointment of PwC as auditor of the Company.
- ✓ Reviewed the summary of audit and non-audit services provided by the external auditor for the year ended 31 March 2021 and the six months ended 30 September 2021, and considered the auditor's independence.

The Audit Committee held two private sessions/meetings with the external auditor without the presence of the executive directors in the reporting period. These meetings afforded a candid exchange of dialogue and opinions between the Audit Committee and the external auditors.

Nomination Committee
Work done by the Nomination Committee in the year ended 31 March 2022:

1 meeting (100% attendance rate)

Board composition
- ✓ Reviewed the structure, size and composition of the Board.
- ✓ Assessed the continued independence of each INEDs.

Re-appointment of director
- ✓ Considered the re-appointment of Ms KI Man Fung Leonie as INED.

We have received from each INED written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has reviewed these confirmations and assessed the independence of the INEDs, concluding that all INEDs met the independence guidelines as set out in Rule 3.13 of the Listing Rules. In addition, the Committee has concluded that there exist no business or other relationships or circumstances that are likely to affect, or could appear to affect their independent judgement. The Committee will continue to assess annually the independence of all INEDs.

Remuneration Committee

Work done by the Remuneration Committee in the year ended 31 March 2022:

1 meeting (100% attendance rate)

Directors' and management's remuneration

✓ Reviewed and determined the remunerations of the directors and management for the financial year 2021/22 in consultation with the chairman of the Board and in accordance with the remuneration policy of the Group.

Remuneration of Directors and Senior Management

Executive Directors and Senior Management	Non-executive Directors (including INEDs)
Fixed Elements Basic Salary Fixed Allowance and other Benefits **Time/Performance Related Elements** Annual Bonus Share Options Share Awards	Directors Fee

We have in place a formal and transparent Remuneration Policy for directors and senior management, which is reviewed from time to time. The Committee has also taken into account a number of relevant factors such as remuneration packages offered by companies of comparable business and scale, market rates, and the financial and non-financial performance of the Group, to ensure that the remuneration packages offered remain appropriate and competitive.

The remuneration package of our executive directors comprised of basic salary, a discretionary bonus tied to the performance of the Company and the individual, and other allowances and benefits. Except for the Chairman and Vice-chairman of the Board who are founders and substantial shareholders of the Company, the remuneration package of the other executive director and management may also include share options or share awards, some of which are time based while others are performance based.

Non-executive Directors (including INEDs) are compensated with reference to market rate with the aim of fairly remunerating their efforts and time dedicated to Board and Board Committees matters. The remuneration package of NEDs comprises a fixed annual fee of HK$257,400. The Chairman of the Audit Committee is paid an additional fee of HK$150,000 per annum while other members of the Audit Committee are paid an additional fee of HK$80,000 per annum.

In response to the financial impact caused by Covid-19, the executive directors agreed to a 37.5% reduction in basic salaries while the non-executive and independent non-executive directors agreed to a 12.5% reduction in fees in the year ended 31 March 2022.

Please refer to note 7 to the consolidated financial statements on pages 172 to 176 for the total emoluments paid to each director and the emoluments of senior management in aggregate and by band for the year ended 31 March 2022.

Executive Committee

Work done by the Executive Committee in the year ended 31 March 2022:

12 meetings (95.8% attendance rate)

Strategy and budgeting

- ✓ Ensured successful implementation of the corporate strategy and directions of the Group.
- ✓ Reviewed business proposals, implementation plans, strategic plans and annual operating plans to ensure that they are in line with the corporate goals and objectives.
- ✓ Reviewed the budget, long-term plan, corporate goals and objectives, long-term business model and strategy.

Performance monitoring

- ✓ Reviewed the Group's results and performance against the market and budget.
- ✓ Reviewed the reasons for under/over performance against the market/budget and developed plans and strategies to adapt to market circumstances.
- ✓ Provided directions to management and monitored the Group's performance throughout the year ended 31 March 2022:
  - Store openings and closures;
  - Sales performance;
  - Marketing and promotions;
  - Product development;
  - Branding management;
  - Inventory management;
  - IT strategy;
  - Human resources, training needs and staff performance;
  - Performance of the logistics function; and
  - E-commerce strategies and performance.

The Committee proactively communicates with the NEDs and the management and is open and responsive to any issues that might be raised by the NEDs (including the INEDs). The number of meetings held by the Executive Committee and the attendance of each individual Committee members are set out on page 62. Members of the management are invited to attend as and when appropriate.

Risk Management Committee

Work done by Risk Management Committee in the year ended 31 March 2022:

2 meetings (100% attendance rate)

System and control

✓ Established and maintained appropriate and effective risk management and internal control systems with reports being made to the Board on any material deficiencies.

Enterprise Risk Management Program

✓ Reviewed and discussed the ERM progress and results for the year ended 31 March 2022 including:
  - Continuous assessment of existing and new risks that the Group faced;
  - Reviewed of risk indicators and assessed how risks were measured and managed;
  - Reviewed and assessed the risk trends and appropriateness of risk indicators; and
  - Assessed the effectiveness of measures taken to manage risks.

For the meeting of the Risk Management Committee, representatives from the Internal Audit and Management Services Department also attended meetings at the invitation of the Committee. The number of meetings held by the Committee during the year and the attendance records of each individual Committee members are set out on page 62. Please refer to pages 76 to 81 of the Enterprise Risk Management Report for further activities undertaken by this Committee.

Time Commitment of Directors

We recognise that it is important that all Directors should be able to contribute sufficient time to the Company to discharge their responsibility. All directors have confirmed to the Company that they have given sufficient time and attention to the affairs of the Company and made contributions to the development of the Company's strategy and policies through independent, constructive and informed comments throughout the year under review.

We understand that our directors may be invited to hold positions in other private, public or professional organisations, or they may have other significant commitments. These engagements will broaden their knowledge and experience and may act to the benefit of the Company. Each director has disclosed to the Company the number and nature of offices held by him/her in public companies or organisations and other significant commitments. None of our Directors, individually, held directorships in more than six public companies (including the Company) as at 31 March 2022. Despite those commitments, each director was able to give sufficient time and attention to the Company's affairs and perform his/her duties as directors.

Meeting Process of the Board and Board Committees

The Board and Board Committees meet regularly during the year. The dates and time of meetings are planned usually in the year before to allow sufficient time for the directors to schedule their activities.

The Board meets at least four times a year at approximately quarterly intervals. We held six Board meetings during the year ended 31 March 2022.

The formal notice and agenda of meetings are finalised by the Chairman and are usually sent to all Directors at least 14 days before each regular meeting. All Directors are given opportunities to comment on the agenda and to bring up additional matters for consideration at the meetings.

Meeting materials are usually sent to Directors in advance of each meeting to ensure that the Directors have full and timely access to relevant information. With a view to becoming more environment-friendly by reducing paper consumption, meeting materials are distributed in electronic form and Directors are encouraged to read the electronic version.

Draft minutes recording substantive matters discussed and decisions resolved at the meetings are circulated to all Directors for their comments (if any) within a reasonable time (generally within seven business days) of each meeting. The final version of the minutes is formally approved at the subsequent meeting and a copy is sent to each director for his/her record. The final executed version is placed on record and made available for inspection.

In the financial year 2021/22, we have continued to hold some of our board and board committee meetings in hybrid form allowing both physical and virtual attendance giving due weight and consideration to the health and safety of Board members and employees within the context of the Covid-19 pandemic.

Accountability and Audit

Compliance with Laws and Regulations

To ensure that the Group complies with relevant laws and regulations and, where appropriate, meets or exceeds industry best practices, we constantly review our practices to keep up to date with the latest developments in regard to all relevant laws and regulations. Trainings on important topics such as the Listing Rules, anti-corruption, personal data privacy, and trade description and practices are provided from time to time.

Various policies and procedures including, among others, the Conflict of Interest Policy, Whistleblowing Policy for Employees, and Gifts and Entertainment Policy, are in place, setting out the standards of conduct that our employees are required to follow. These policies and procedures are reviewed from time to time and updated where necessary and are made available to our employees through our Company's intranet, with some of the policies being published on our website.

The Company regards consumer protection legislation as having a significant impact on the Group and takes active steps to ensure compliance. There were no incidents of non-compliance resulting in prosecution during the year.

With respect to the protection of personal data, the Group has a compliance manual, which is a practical guide complete with examples and illustrations, case studies and compliance checklists aiming to assist employees to comply with their obligations under the laws and regulations governing personal data. The step-by-step compliance checklists cover the entire life cycle of personal data from their creation to destruction to ensure that the Group respects privacy concerns while using big data to drive business value.

Representatives from all major departments in Hong Kong have attended compliance trainings on personal data privacy given by the legal team. In the year ended 31 March 2022, some of our colleagues attended on-line refreshment courses in this area. The Group's legal team also attended external seminars and workshops on a regular basis to keep informed of developments in this important area. Changes and additions to the privacy policy and additional control measures are implemented on a timely basis. Our privacy policy is in compliance with the European Union's General Data Protection Regulation.

Apart from personal data protection, we have also devised a compliance manual for due compliance of the Trade Descriptions Ordinance. Other than legal requirements, the manual highlights the need for reasonable due diligence in the procurement and quality control process. The manual also includes a full set of compliance checklists, which provide our colleagues with practical guidance to help them fulfill their duties. The legal team regularly reviews and improves marketing and promotional materials as well as product information to ensure that the information provided to consumers are accurate and not misleading.

To ensure that our employees are properly trained in the legal requirements of trade description and trade practices, the legal team provided workshops or guidance to the business units on a regular basis.

To assist our colleagues with the classification of different products (including pharmaceutical products, orally consumed products, proprietary Chinese medicine, health food and supplements, and food), we have a compliance manual on "Medicine, Medical Advertisements and Food" detailing the laws and regulations governing each type of product. Workshops or guidance on the topic are provided to business units on a regular basis.

In relation to information known to "insiders" of the Group but not generally known to the market i.e. inside information, the Group has in place an Inside Information Policy setting out controls with regard to the handling and disclosure of such inside information. The policy has been revised and updated to provide more examples and illustrations to facilitate understanding and compliance.

Risk Management and Internal Controls

The Group's risk management and internal control systems is designed with reference to the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The management and other personnel are responsible for implementing and maintaining a robust system of internal controls that covers governance, compliance and risk management, as well as financial and operational controls. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, rather than absolute assurance of the followings:

- appropriateness and effectiveness of risk management and internal control systems;
- compliance with applicable laws, regulations, policies and procedures;
- reliability and integrity of financial reporting;
- effectiveness and efficiency of operations; and
- prevention and detection of fraud and irregularities.

The Board has delegated to the Risk Management Committee the overall responsibility for leading the management in the establishment and maintenance of appropriate and effective risk management and internal control systems.

For the Board's review relating to the Company's ESG performance, reporting and ESG risks, please refer to the Environmental, Social and Governance Report.

Risk Management Framework

Our Enterprise Risk Management ("ERM") framework provides a systematic and disciplined approach to the risk management process, which is embedded in the system of internal controls and is an integral part of corporate governance. The ERM framework helps sustain business success, creates value for stakeholders and supports the Board in discharging its corporate governance responsibilities by proactively identifying, addressing and managing major risks within the Group.

Details of the ERM system and process are set out in the ERM Report on pages 76 to 81 of this Annual Report.

Quality Management System

The Group is fully committed to quality management. We have been refining and formalising policies, procedures and working practices benchmarked against the International Organization for Standardisation ("ISO") Quality Management System – currently in its latest ISO 9001:2015 version – to standardise workflows and documentation. We will continually follow the standard procedures and control processes which have already been embedded in the daily operations, and will continue to benefit from increasing operational efficiency and effectiveness in achieving our business goals. Compliance and significant risk areas will be reviewed by Internal Audit and Management Services Department ("IAMS Department") during individual audit engagement. The Group engaged an external consultant to carry out an assessment and control review project for the Information Technology Department to improve its information security management system by benchmarking against ISO 27002 requirements.

Internal Audit Function

The IAMS Department is an independent and objective function that reports directly to the Audit Committee on a quarterly basis. The head of IAMS Department has direct access to the Chairman of the Audit Committee. In addition, the IAMS Department has unfettered access to review all aspects of the Group's activities including corporate governance, risk management and control processes. It assists the Board independently to review the effectiveness of the Group's risk management and internal control systems to seek continuous improvement. The Internal Audit Charter, approved by the Audit Committee and adopted by the Board, is available on the Group's website.

To embrace the new retail era, internal audits must cultivate innovation and ensure that our audit approaches are sufficiently agile to respond to organisational changes in the transforming retail landscape. We plan to deploy the latest technologies to optimise and elevate audit processes, and continue providing assurance over changing business processes, controls and risks. The transformation of internal audit functions is a journey involving the use of new approaches to planning, executing and reporting by leveraging the proliferation of data and technology, and the ultimate objective of which is to add value to the Group that meets the increasing expectations of the Board and the Group's management.

In order to maintain a high level of professionalism and to prepare ourselves for this transformation, members of the IAMS Department are continuously encouraged to attend relevant external workshops or seminars and to conduct online self-study to keep abreast of the latest developments in the field.

Internal Audit Activities

The IAMS Department adopts a risk-based approach to developing the annual and revised quarterly audit plans that are aligned with the ERM framework and are strategic and objective centric. Potentially auditable activities are identified, prioritised and scoped based on our dynamic and continuous risk assessment which covers business activities involving material risks across the Group.

The Audit Committee reviews and approves the annual audit plan and all major subsequent changes made in the regular meetings. Significant financial, operational, compliance and fraud risk areas are further assessed during individual audit engagement to evaluate control effectiveness.

All findings and recommendations on internal control deficiencies for each audit engagement are communicated to management who are required to establish remediation plans to correct those control deficiencies within a reasonable time period. Post-audit reviews are performed to monitor agreed action plans and to ensure that corrective measures for previously identified control deficiencies have been implemented as intended and on a timely basis. Significant deficiencies of individual engagement are reported to and reviewed by the Audit Committee.

Aiming to enhance responsibility and accountability for risks and controls among management, we will continue to foster the implementation of control self-assessment within selected business units and processes. This involves identifying process owners and ensuring that they are responsible for assessing whether internal controls are present and functioning in their responsible processes. Benchmarking audit work will also be performed by the IAMS Department to assure their quality.

Review of Risk Management and Internal Control Effectiveness

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2022, covering all material financial, operational and compliance controls. The Board considers the Group's risk management and internal control systems to be effective and adequate. There were no suspected material irregularities or significant areas of concern identified during the year that might cause potential impact to our Shareholders.

The Audit Committee has annually reviewed the adequacy of resources, qualifications, experience and training programmes of the Group's IAMS and accounting and financial reporting staff and considered that staffing is adequate, with a conclusion that all staff members are of sufficient competence to carry out their designated roles and responsibilities.

The Auditor

We engage PwC as our external auditor. We have received a written confirmation from PwC confirming that it is independent and that there are no relationships between PwC and the Company that are likely to impair its independence. The roles and responsibilities of our external auditor are stated in the Independent Auditor's Report on pages 143 to 147.

To maintain PwC's independence and the objectivity and effectiveness of the audit process, since 2009, we have in place a policy on the Provision of Audit and Non-audit Services by External Auditors that sets out the types of audit and non-audit services that the Company may request of the external auditor (details of the policy are available on our website).

For the year ended 31 March 2022, the fees paid by the Group to PwC amounted to approximately HK$3,736,000, comprising audit fees of HK$2,718,000 and non-audit fees of HK$1,018,000. The non-audit services consisted of tax advisory services, interim review, turnover certificate, transfer pricing analysis, and other services.

The Audit Committee will continue to review the independence and objectivity of the external auditors, including the review of any proposals and fees. The Audit Committee has access to the financial expertise of the Group and its auditors and can seek further independent professional advice at the Company's expense, if considered necessary.

Shareholders

2022 Annual General Meeting

The AGM provides the Board with an opportunity to meet and engage directly with our Shareholders. The AGM for the financial year ended 31 March 2022 will be held on or around Thursday, 25 August 2022. Separate resolutions will be proposed at the meeting on each substantially separate issue and all voting will be conducted by poll. Notice of the AGM together with a circular, which sets out each resolution to be proposed at the AGM, will be dispatched to the Shareholders on or around 25 July 2022.

Shareholders' Rights

Our Shareholders have the right to convene general meetings and to put forward proposals, details of which can be found on our website and on pages 122 to 127 of the "Investor Relations Report" in this Annual Report.

Shareholders are also welcome to make enquiries to the Board. For the procedure and contact details, please refer to pages 122 to 127 of the "Investor Relations Report" in this Annual Report.

Dividend Policy

The Board formalised and adopted a Dividend Policy in February 2019. The main part of the policy is set out below.

Policy Statement

1. Factors to be considered when deciding on dividend payout include return to shareholders, cash needed for the Group's business operations, expansion and inventory, capital expenditure requirements and funding for other business opportunities, and also a healthy financial buffer for unforeseen market circumstances.
2. With a view to providing stable financial return to shareholders while retaining adequate reserves for market fluctuation and future growth, it is the Company's policy to pay regular dividends twice a year with a target pay out ratio of not less than 50% of the profit for the year attributable to owners of the Company.
3. The payment of dividends is subject to any restrictions under the laws and the Company's articles of association. The target pay out ratio above may be adjusted if circumstances require having considered the factors in paragraph 1.

Scrip Dividend Alternative

4. The Board may continue to offer a scrip dividend alternative with or without discount if it considers appropriate based on the expected costs to the Company, the dilution effect and shareholders' expectation. The scrip dividend scheme has the advantages of enabling shareholders to increase their shares in the Company without incurring brokerage fees, stamp duty and related dealing costs, while at the same time allowing the Company to retain for use, as working capital or as funding for new investments, the cash that would otherwise have been paid to the shareholders had they elected to receive the dividend in cash, in whole or in part.

Unclaimed Dividends

5. Pursuant to Article 156 of the Company's articles of association, all dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company, and after such forfeiture no shareholder or other person shall have any right to or claim in respect of such dividends or bonuses.

Other shareholder-related information

For details of the 2021 annual general meeting, upcoming important dates and year-end public float capitalisation, please refer to pages 122 to 127 of the "Investor Relations Report" in this Annual Report.

Directors' Acknowledgement

The directors collectively acknowledge their responsibility for preparing the financial statements of the Company and its subsidiaries for the year ended 31 March 2022.

ENTERPRISE RISK MANAGEMENT REPORT

Effective risk management is essential to the achievement of the Group's strategic objectives. In place since 2010, the Group's ERM system offers a systematic and disciplined approach to provide clear responsibility and accountability structures for risk management. It consists of three major components: risk governance; risk infrastructure and oversight; as well as assignment of risk ownership.

The Board is responsible for determining the Group's risk profile and risk appetite, with the latter defining the acceptable tolerance levels for key risks. The Board oversees the Group's risk management framework, reviews the Group's key existing and potential risks and their respective mitigation strategies, and ensures risk management effectiveness.

Risk Management Committee

The Group formed the Risk Management Committee ("RMC") in 2009 that comprises three Executive Directors as part of the Group's commitment to further enhancing our control environment. The RMC has written terms of reference that set out the responsibilities of the members, which are available on the Company's website. The RMC assists the Board in providing leadership to the management in relation to risk management and internal control. The RMC has overall responsibility for the establishment and maintenance of an appropriate and effective risk management and internal control systems including the design, implementation and monitoring of such systems for the Group. For the year ended 31 March 2022, the Committee held two meetings to assess and re-assess the major risks and to review the management of these risks and the effectiveness of mitigation actions, while also actively identifying any positive business opportunities that arise in relation to these risks.

Enterprise Risk Assessment

Risk assessment is the identification and analysis of existing and emerging risks in order to form a basis for determining how risks are managed in terms of likelihood and impact. Risk areas are categorised into strategic, operational, financial and compliance perspectives for further assessment and management. A bottom-up and top-down approach is adopted to ensure a holistic risk management process, and a risk register has been maintained since the inception of the ERM system. This register has been regularly monitored and updated by taking emerging risks into account for continuous risk assessment purposes and building the risk-based internal audit plan.

The Group has in place the Control Self-Assessment, requiring all business units and major departments in the headquarters to annually identify potential and significant risks and assess the adequacy and effectiveness of risk management and internal controls,.

Enterprise Risk Management Process

The ERM system uses risk indicators to monitor major risks. The setting of risk indicators aligns with the risk tolerance regime, representing the magnitude of risk the Group is willing to undertake in order to achieve its business goals. Risk owners are required to take mitigating actions to address these risks. Such actions are integrated into the Group's day-to-day activities while their effectiveness are closely measured by risk indicators. This system is used as a basis for reporting and discussion in the management meetings as well as in RMC meetings. If any risk indicators underperformed, the responsible risk owners are required to re-assess the existing remedial action plans and promptly propose new plans if necessary.

Members of the RMC meet as often as necessary to review and discuss the risk management progress of each of the major risks and to provide a continuous update on the business environment and to monitor any changes. The IAMS Department carries out continuous assessment on the progress of risk management procedures while it also evaluates the risk responses submitted by risk owners. The IAMS Department facilitates the RMC in reporting significant risks, material changes and the associated mitigating actions to the Audit Committee on a quarterly basis.

The balanced scorecard system has been implemented, with the incorporation of key performance indicators for major departments in headquarters to measure their progress towards achieving business goals. During the year, we aligned the reporting of the balanced scorecard system and the ERM system to provide management with a comprehensive set of indicators for monitoring both business performance and risks. An illustrative diagram describing our ERM framework is set out on page 77.

Risk Governance & Infrastructure

The ERM Framework

Top Down Approach

Risk Management Responsibilities

Risk Management Function

The Board

- Overall risk management responsibility
- Determine risk profile and oversee risk management framework
- Review major risks and mitigation strategies and ensure risk management appropriateness and effectiveness

Audit Committee

- Delegated responsibilities from the Board

Risk Management Committee

- Establish and maintain risk management and internal control systems
- Develop risk profile and review risk responses
- Formulate risk management strategy

Enterprise Risk Management

Major Risks

Risk Monitoring & Reporting

Risk Response Validation

Risk Mitigation Plan & Risk Indicators

Business Units

- identify, assess and evaluate existing and emerging risks in achieving group's objectives
- Set risk priorities for business unit

Enterprise Risk Assessment and Risk Treatment

Individual Risks

Strategic Risks | Operational Risks | Financial Risks | Compliance Risks

Risk Assessment Facilitation

Balance Scorecard Updating and Monitoring | Control Self-Assessment

Guidelines, roles and responsibilities

Risk escalation and assurance

Bottom Up Approach

Management of Major Risks

There have been no significant changes in the nature and extent of major risks during the year. The COVID-19 pandemic continues to adversely impact our operations and remains a key driver of risks, including liquidity risk and operating risks in our brick-and-mortar retail markets. On the other hand, we also see enormous opportunities in our online business. The Group has established controls, mitigating measures, and plans to manage these risks.

Market Concentration Risk

The Group is adopting a diversification strategy for its sales channels, markets, customers and products. Aiming to achieve sustainable business development and to balance its mix of online and offline operations and geographical sales, the Group will accelerate its development in markets beyond the Group's traditional brick and mortar core markets of Hong Kong and Macau SARs, especially its online business in different markets (for details, please refer to the Online Threats and Opportunities section) which offer promising growth potential.

In Hong Kong and Macau SARs markets, the Group has adapted to the evolving trend of local customers. We have introduced more new products, including health & fitness products, personal care products and beauty gadgets to cater for the needs of local customers (for details, please refer to the Product Competitiveness section). We have also launched a wide range of enticing promotional activities, including collaborations with payment gateways and credit card companies, to attract more local customers.

Online Threats and Opportunities

For online cross-border sales of products into Mainland China, our WeChat mini-programme has been extended for use by beauty consultants based in our retail stores in Mainland China. We are also strategically committed to extending our reach beyond Hong Kong, Macau and Mainland China, and we are collaborating with current and targeting other well-known e-commerce platforms to serve a diversity of markets in Asia.

COVID-19 has accelerated the purchase behaviour shift towards online shopping. The Group is moving in a strategic direction that facilitates online-merge-offline ("OMO") operations in order to develop a "customer-centric" new retail model that we expect to drive the Group's income and profitability. We are striving to accelerate OMO development by further increasing collaboration between our online business teams and our retail store business units and deploying technology to enhance seamlessness between customer touch points and optimise our OMO operational processes. We are also emphasising digital marketing techniques and continuing to align online and offline promotional activities and run complementary marketing campaigns promoting interaction with consumers and the creation of a holistic shopping experience.

Product Competitiveness

In a fast-changing and increasingly competitive market, our continued success hinges on sourcing and developing products that meet the rapidly evolving demand and especially our ability to strengthen our exclusive brands.

Our offering of a broad range of quality beauty products at competitive prices is in line with the proven concept of serving as a "one-stop beauty product specialty store". Developing strategic product categories, particularly in the areas of personal care products and health and fitness products will help to further broaden our product offering that would see less fluctuations in sales performance. By adopting a broader product offering, we can also improve the loyalty of existing customers, and attract new customers and customer segments.

In the future, we will increase investment in building our exclusive products to enhance product competitiveness by increasing their visibility and recognition.

Liquidity Risk

Working capital management is crucial to the sustainability of a company. The pandemic has led to a plunge in revenue in our core markets, significant losses and a drain on the Group's cash reserves. We have made strenuous efforts to optimise our cost structure and inventory, in addition to exploring new revenue drivers. A revolving loan facility has been made available to the Group by Dr Kwok Siu Ming Simon and Dr Kwok Law Kwai Chun Eleanor, the executive directors and controlling shareholders of the Group. The facility has further strengthened the Group's financial position with additional working capital.

We have closed loss-making stores with exorbitant rents and sought rental concessions and rental reductions upon renewal of others. The new retail business model also helps to lower rental costs. Ultimately, the aim is to rationalise our store network and reduce store expenses to maximise store contribution, as well as to reduce non-productive costs to optimise our cost structure and therefore increase competitiveness and profitability.

Inventory management plays a significant role in a company's product competitiveness as well as liquidity since uncompetitive products and excessive inventories will tie up working capital and increase the risks of obsolescence. We succeeded in reducing excessive inventory by implementing aggressive clearance activities and placing stringent control on purchasing, and have allocated funds to productive products and new strategically products categories only.

Staff Health and Safety Risk

We recognise that human capital is one of the most important assets. Being a caring and socially responsible company, staff health, safety and livelihoods are always our primary concern. Since we are committed to providing a safe workplace for our employees, especially amid the COVID-19 crisis, the Group has implemented measures and dedicated resources to keep our employees safe (for details, please refer to the Environmental, Social and Governance Report – Employees health and safety and wellness)

We continue to review the measures regularly and monitor notices issued by official sources while providing regular updates to our employees. We deeply believe that by always prioritising staff health and safety, we can keep our employees engaged and productive, retain key talents and ensure sustainability of our business.

Cybersecurity and Personal Data Privacy Risks

Cyberattacks, including the use of ransomware, have become increasingly common and sophisticated. They may cause losses or leakages of data, including customers' personal data, and disruptions to the Group's operations, and they have therefore been rated as a major risk to manage.

The Personal Information Protection Law – the first data privacy law in China – came into effect in November 2021. The law regulates the handling of personal information and contains provisions for extraterritorial enforcement. Our operations in China and our online cross-border sales for products imported to Mainland China are subject to the law.

As we integrate customer data from our physical stores and online businesses in Hong Kong and Macau SARs and Mainland China to enhance customer engagement, potential risks related to data collection and use within the Group are expected to intensify. We are exposed to personal data privacy risks that may result in losses to our customers, potential fines, and damage to our reputation and business.

The Group has a privacy policy in place, and it has developed a compliance manual – a practical guide complete with examples and illustrations, case studies and compliance checklists – aiming to assist employees comply with their obligations under laws and regulations governing personal data.

To ensure that the Group complies with the data protection laws in which we operate, we will constantly review our practices to keep up to date with the latest legal and regulatory developments. Improvement plans will be formulated if discrepancies are identified, and reassessments will be undertaken to ensure that adequate remedial actions are timely taken. External consultants will be engaged whenever necessary to provide in-depth training to staff involved in handling personal data.

The Group has been paying increased attention to information security management. In addition to annual penetration testing performed by an external consultant, we also engaged an external consultant during the year to assure the effectiveness of our information security. The Group has enhanced its existing IT security controls, and has continued to raise awareness of potential IT security threats among our management and staffs.

Mainland China and Malaysia Business Prospects

The Mainland China and Malaysia markets have much more potential than we have exploited so far. Success in further penetration of these markets and their potential profit contribution will alleviate our market concentration risks.

In the Mainland China market, we will rationalise our store network and focus our resources on optimising the operating performance of the physical stores as well as online sales, while at the same time, integrate our online and offline operations. We will strive to enhance our product portfolio and strengthen training for frontline staff in relation to online-and-offline integration to improve Sa Sa's overall competitiveness.

Since the Malaysian government has eased its anti-pandemic measures, we have rolled out appealing promotions to boost sales. As a result, we achieved a business turnaround and a profit in the market during the second half of the year. We will remain prudent in our store opening strategies, and we remain committed to optimising our existing store network to further improve its efficiency. We will continue to enhance our product portfolio with protective and personal care products, and expand sales through online channels.

Ethical Business Practice

We are committed to enforcing ethical business practice by setting the right tone at the top. However, we understand that unethical incidents may still happen even when we have a robust internal control system in place, especially when incentives or pressures to commit fraud increase significantly during economic downturn.

In order to enable us to evaluate and manage fraud risks through a more systematic approach, all business units and major departments in headquarters are required to formally assess and report annually their fraud risk exposure via the Control Self-Assessment. To proactively protect against fraud, we have introduced a set of fraud monitoring indicators and performed continuous monitoring of selected key operational processes for regions with high fraud vulnerability. All possible cases of fraud, either reported through the whistleblowing channel or identified by analytics, will be followed up independently by the IAMS Department or jointly, if appropriate, with other departments in the Group or with external investigators. Prompt and consistent disciplinary actions will be taken according to company policy and the results, together with corrective actions to close the gaps and reduce the opportunity for fraudulent acts, will be reported to the Executive Directors and Audit Committee. Proper communication and training will be delivered thereafter to reduce the capacity for fraud. We believe that by so doing, we can safeguard our assets, contribute positively to our reputation and image, and thus reduce the direct and indirect costs of doing business.

Third-Party Risks

The Group has been relying on third-party service providers, such as outsourced manufacturers, IT service providers, warehousing and logistics service providers in some key aspects of our business. Our aim is to improve performance by leveraging their specialised expertise, well-developed service network, operational efficiency and better scalability. Nevertheless, we are potentially exposed to risks that may include but are not limited to business disruptions, and reputational damage as a result of under-performance, non-compliance with local rules and regulations or unexpected withdrawal from the market of key service providers.

In order to counter these risks and make our business more secure, the Group has established comprehensive key performance indicators to continuously evaluate and monitor service levels. These measures may involve external professionals, executives and other functional teams for key projects as necessary, with clear terms and conditions laid out in service agreements. Although we tend to maintain long-term relationships with third-party service providers, we may terminate the services of under-performing vendors. We would from time to time compare their service level and their prices to that in the market, to update our backup vendor list and with a clear view to replace vendors with a combination of better service quality and costs if we feel fit.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sustainable Beauty 2025

Making Life Beautiful

MESSAGE FROM THE CHAIRS

The financial year ended 31 March 2022 continued to pose unprecedented challenges to the retail industry. At Sa Sa, we remain committed to building a sustainable business that is not only profitable, but acts responsibly towards our planet, people, customers and community.

Ms KWOK Sze Wai Melody, *MH*
Chair of Sustainability Steering Committee

Dr KWOK Siu Ming Simon, *SBS, JP*
Chair of the Board

OUR SUSTAINABILITY JOURNEY

2011/12

- Selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index for the first time
- Our first ESG report

2012/13

- ESG Taskforce established

2013/14

- Participated in the *Lai See Reuse and Recycle Program* organised by Greeners Actions for the first time

- Sa Sa Making Life Beautiful Charity Fund established

2014/15

- Caring Company 10 years

2015/16

- Glocal Greenovation Challenge

2016/17

- *Award for Corporate Governance Excellence and Award for Sustainability Excellence*

2017/18

- Our Vice-chair awarded in *Asian Outstanding Leaders Awards for Women*

2018/19

- *Sustainability Steering Committee* chaired by an executive director established leading to a more robust governance structure
- Sustainability Framework established
- Hang Seng Corporate Sustainability Index Series Member 2019-2020
- MSCI ESG RATINGS A (CCC | B | BB | BBB | A | AA | AAA) LAST UPDATE: September 23, 2021
- 15 years+ 商界展關懷 caring company

2019/20

- *Hong Kong Awards for Environmental Excellence* (HKAEE)

2020/21

- Stood with the community to fight the pandemic of the century

2021/22

- Signatory to *Bye Bye Microbeads Charter*
- MSCI ESG RATINGS BBB (CCC | B | BB | BBB | A | AA | AAA)

Areas of Focus

This is our 11th ESG report. In the financial year 2021/22:

1. We refined our sustainability framework and fine-tuned some of our focus areas and commitments to respond to rising trends and changing circumstances, paving the way for the development of a longer-term roadmap.

2. If we are to manage our impact, we must first measure our impact, positive or negative. We have therefore devoted significant effort to expanding the tracking and disclosure of the quantitative information of our ESG performance and the accompanying narratives in this year's ESG report. We reoriented our efforts to stay focused on areas that are material to our operations and our impact on the environment and society, whilst maintaining consistency in performance measurement metrics to enable comparative analysis of the key performance indicators that we continue to disclose.

3. Just before the end of the financial year, we initiated a large-scale stakeholder engagement and materiality assessment. The response rate from our customers was particularly overwhelming demonstrating the importance of sustainability issues among them. The results and follow-up actions arising from this engagement will be disclosed in our next ESG report.

4. Climate related disclosures were among the sustainability issues that the Board considered in the financial year. The Board has begun to identify climate related risks as highlighted in this report and will continue to focus effort in this regard with reference to TCFD recommendations.

OUR SUSTAINABILITY FRAMEWORK

Sustainable Beauty 2025

Preserve our Planet

- Take action on climate change by building a culture of sustainability and encouraging behaviour change
- Lower our carbon footprint
- Use resources responsibly
- Reuse and recycle to reduce waste

Empower our People

- Invest in training and development
- Develop women leaders in the retail industry
- Promote equality, diversity and inclusion

Serve with Heart

- Commit to product quality and safety
- Integrate consumer rights and protection into customer experience
- Make quality beauty accessible and affordable to all
- Manage environmental and social risks along the supply chain

Achieve Sustainable Growth Together

- Invest in the community
- Collaborate to flourish

OUR GOVERNANCE STRUCTURE

Top-down directions

Bottom-up information flow

Board of Directors

- Overall responsibility for ESG strategy, reporting and management of ESG risks.
- Monitors Company's ESG performance.

Sustainability Steering Committee (SSC)

- Delegated with duties of formulating goals, targets and action plans for the Board's endorsement.
- Advised by the ESG team, makes recommendations to the Board based on regulatory requirements, sustainability trends, and outcomes from stakeholder engagement and materiality assessment.
- Supports the Board in review of ESG risks.
- Monitors progress achieved by working groups.

Working Groups

- Charged with execution duties for delivering goals and targets.
- May be an existing department or a newly formed working group.
- Led by an executive director, department head or his/her deputy.

ESG Team

- Liaison between the SSC and working groups.
- Assists with ESG reporting, benchmarking, communications and engagement.
- Advises the SSC on regulatory requirements and sustainability trends.
- Conducts awareness education.

Our board of directors has overall responsibility for our sustainability strategy, development, reporting and management of ESG risks. Our sustainability steering committee, chaired by one of our executive directors and supported by our ESG team, was delegated with duties of formulating goals, targets and action plans for the Board's endorsement. Advised by the ESG team, the sustainability steering committee also makes recommendations to the Board based on regulatory requirements, sustainability trends, and outcomes from stakeholder engagement and materiality assessment. Six board meetings were held in the financial year 2021/22 and deliberation of sustainability related issues was on the agenda in two of such board meetings. In the financial year 2022/23, it is expected that the Board will commit even more time to sustainability related issues and climate change. ESG-related risks have not been integrated into our company-wide enterprise risk management framework but are considered on a standalone basis along with strategies at board meetings. The Board reviews progress made against sustainability goals and targets and the accomplishment of KPIs before the publication of our ESG report every financial year.

OUR PLANET

Every business will be impacted by climate change and the time to take action is now.

Our Challenges

As a multi-brand cosmetic retailer offering over 600 brands and more than 9,000 different products in diverse categories ranging from colour cosmetics, skin care, personal care, health food to personal protection products in times of the Covid-19 pandemic, like any other retailer, our business operations are not without impact on the environment. The most significant being single-use plastic bags, packaging that may not be recyclable, materials we use for our online deliveries that may become waste, and the energy we consume in our operations. Since the beginning of the Covid-19 pandemic, the single-use disposable items like face masks, sanitary wipes and rapid antigen test kits that we have sold to fight the virus and protect lives have added to the already heavy burden of the landfills. To operate responsibly, these are issues that we must tackle to lessen the impact on the environment.

Our Climate-related Risks

Physical risks

- Damage to assets in extreme weather, as has happened when typhoons struck flooding our inventory and damaging our shop front or external signages.
- Increased insurance premium to cover our assets against climate-related losses.
- Loss of business and productivity when stores need to be closed or employees are unable to travel to work.
- Increased cooling costs in rising temperature.
- Disruption to goods delivery whether from overseas or locally due to flooding or severe weather events.
- Knock-on effects affecting profitability of our business and the well-being of our stakeholders in the aftermath of severe weather.

Transitional risks

- Higher electricity costs in the transition to a low-carbon economy.
- Costs of replacing petrol and diesel vehicles with electric vehicles.
- Costs of replacing electrical equipment with higher energy efficiency.
- Increased raw materials or product costs as legislation like plastic packaging tax or carbon levy are introduced.
- Increased costs to comply with environmental laws and regulations like the waste charging scheme to be introduced in Hong Kong.

Sustainable Beauty 2025

Preserve our planet – our commitments:

- Take action on climate change by building culture of sustainability and encouraging behaviour change
- Lower our carbon footprint
- Use resources responsibly
- Reuse and recycle to reduce waste

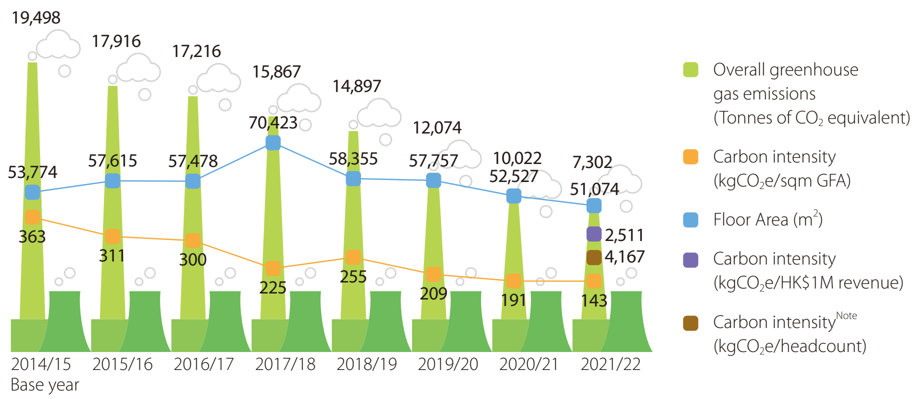
Our commitment to minimise the potential negative environmental impacts of our operations is set out in our Environmental, Social and Governance Policy and our commitment to manage our greenhouse gas emission and waste is set out in our Environmental Policy.

Take Action on Climate Change

GHG emissions – our performance

In the financial year 2021/22, we operated a total of 85 stores in Hong Kong and Macau, a reduction of 15 from last financial year. Our operations generated 7,302 tonnes of carbon dioxide equivalent (CO_2e), a decrease of 27.1% in absolute terms from 2020/21. Compared to the emissions in our base year of 2014/15, our emissions have come down by 62.6%.

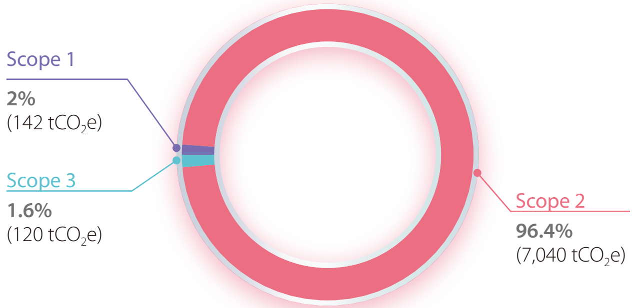
GHG Emissions and Carbon Intensity



Energy consumption through purchased electricity (Scope 2 emissions) is the source of more than 96% of our total GHG emissions. Among our operation facilities, retail stores are responsible for most of the electricity consumed, accounting for 75% of the total, followed by logistics facilities (15.2%) and offices (9.8%). In 2021/22, our overall electricity consumption dropped by 18.6% compared to the previous financial year.

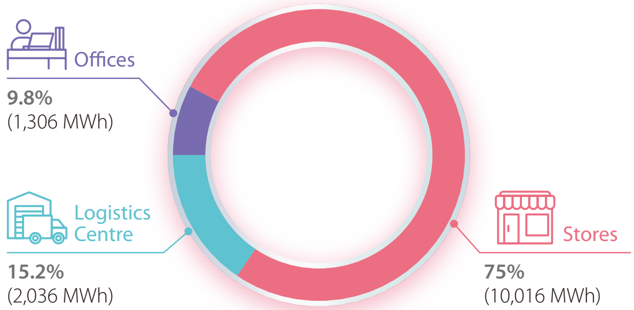
Note: New disclosure for this financial year as everyone has a part to play to lower our carbon footprint.

Scope 1, 2, 3 Emissions



Scope 1: Direct GHG emissions
Company-owned trucks
Scope 2: Electricity indirect GHG emissions
Purchased electricity used in our offices, logistics centre and stores
Scope 3: Other indirect GHG emissions
Electricity used for freshwater processing and sewage treatment, trucks owned by external logistics service providers and waste disposal at landfill

Electricity Consumption by Facility Type



2021/22
Electricity consumption:
↓ 18.6%
YoY change

2021/22
Electricity intensity (by sqm GFA):
↓ 16.3%
YoY change

Building culture of sustainability, changing behaviour, and lowering our carbon footprint

Since the use of electricity (scope 2 emission) is the largest source of our total carbon emissions, our focus is on reducing our electricity consumption. The measures we took include:

Offices

- 100% installation of LED lights
- Use of electrical appliances with energy efficiency label
- Time control for air-conditioning to ensure they are shut down after office hours
- Monitoring energy use with the use of real-time smart meters
- Delamping to maintain optimal illumination to under 500 lux
- Turning off half of the lights during lunch hours
- Turning off idle lights at vacant areas during office hours
- Implementing last person out procedure requiring lights and air-conditioning to be turned off when the office is vacated
- Clear zoning with reference to seating plans to facilitate proper lighting for staff who work overtime after office hours
- Proving energy saving tips and compliments to influence colleagues into changing daily habits like turning off electrical equipment not in use at own workstations

Logistics Centre

- Sensors on conveyor belt to minimise energy use when idle
- 100% installation of LED lighting and motion sensors
- Interchangeable workstations: run only those in use to avoid energy wastage
- Electric forklifts and EURO V trucks
- Ceiling insulation to increase energy efficiency
- Ceiling fan to increase air circulation to reduce reliance on air-conditioners for cooling
- Zoning of interior space to enable independent control of temperature
- Participate in energy saving campaigns organised by electricity provider

Stores

- LED and smart lighting
- Thermostat and air curtain
- Timer control
- Signatory to Charter on External Lighting and commit to switching off lighting at preset time to minimise light nuisance and energy wastage

Charter on External Lighting
戶外燈光約章

Targets and Progress

Target set in 2019/20

- To achieve 38% reduction in GHG emissions against base year of 2014/15 by 2025[Note]
- Target already achieved

Revised Targets

- GHG emissions reduction target revised to 70% against base year 2014/15 by 2025[Note]
- At least two sustainability training or briefings on topics relating to emission or energy use efficiency to build a culture of sustainability and change behaviour

Progress

GHG emissions: over-achieved, down **62.6%** vs base year 2014/15, and down **27.1%** vs 2020/21

Electricity Consumption: down **18.6%** vs 2020/21

Electricity Intensity: down **16.3%** measured by gross floor area in square meter

Apart from our energy-saving efforts, shorter store hours, temporary store closures and close-down of stores due to Covid-19 have also contributed to the reduction in electricity consumption in the financial year.

Note: As energy consumption through purchased electricity is the source of more than 96% of our total GHG emission, this is our target for energy use efficiency too.

Using Resources Responsibly

Packaging – our performance

Carton boxes
for online delivery
927,820 pcs or **207,043** kg * (2021/22) | 661,350 pcs (2020/21)
+40.3% YoY change

Carton boxes
for offline delivery
232,820 pcs or **199,450** kg * (2021/22) | 213,100 pcs (2020/21)
+9.3% YoY change

Shopping bags[Note]
1,184,398 pcs (2021/22) | 1,044,986 pcs (2020/21)
+13.3% YoY change

Plastic pallet *
(2-HDPE or 5-PP)
1,000 kg
2021/22

Wooden pallet *
18,000 kg
2021/22

Shopping bags consumption intensity (per transaction)
0.14 pcs (2021/22) | 0.15 pcs (2020/21)
-6.7% YoY changes

Stretch film *
(4-LDPE)
18,663 kg
2021/22

Air pillows *
to fill voids to protect goods in delivery to offline stores
(2-HDPE or 4-LDPE)
10,836 kg
2021/22

Bubble wraps *
to protect goods in online delivery
(2-HDPE or 4-LDPE)
19,907 kg
2021/22

* New disclosures for 2021/22

Given the continuous growth of our e-commerce business, from this financial year onwards, we have separated our carton box consumption disclosure to distinguish the ones used to deliver goods to our offline stores and the ones used to deliver goods to our online customers. The weight has also been given in line with conventional disclosure methodology.

We have also commenced disclosure of the plastic (protective stretch film, air-pillows and bubble wraps) consumed by our offline and online operations. All secondary and tertiary packaging used for protecting our goods during transport and delivery are recyclable, albeit some more difficult than others.

While we will continue to encourage recycling efforts among our colleagues in the offices and provide recycling facilities whenever possible, we will shift our emphasis from measuring the recycling rate of plastic drink bottles, food packaging materials or aluminium cans consumed by our colleagues, to tracking the consumption and recycling of packaging materials related to our operations.

The increase in disclosure scope and better classification of quantitative data will greatly enhance our ability to set goals and measure our performance as we build up the historical data for analysis. The Company is also moving from O2O (online-to-offline) to a new era of retail, OMO (online-merge-offline). We hope to encourage more customers to opt for our hybrid click and collect e-commerce model ordering online and collecting offline to conserve resources as well as to avoid the GHG emission generated in delivery trips.

Note: Our shopping bags are made of paper sourced from sustainably and responsibly managed forests and certified by the Forest Stewardship Council (FSC). The plastics content of the shopping bags is made from oxobiodegradable material to lessen their impact on the environment.

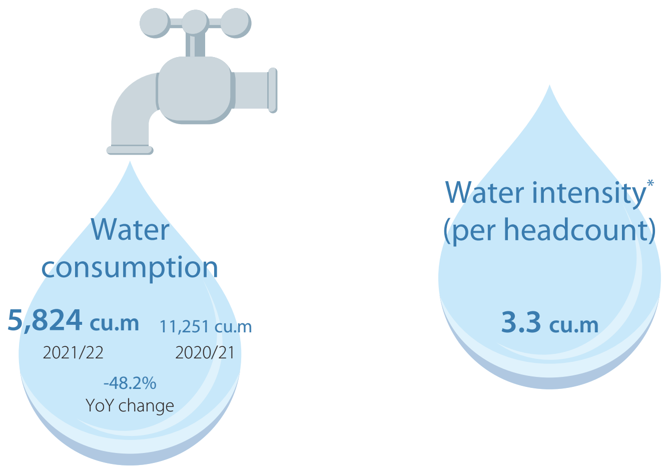
In an effort to conserve resources, we continuously strive for innovation and efficiency in our operational practices. The actions we have taken include:

- Using double instead of triple wall corrugated carton boxes to reduce resources used. Although each box is 35.5% lighter, it still protects products well.

- Deploying pallet wrapping machines in the wrapping of loaded pallets for transportation to avoid waste from excessive or inaccurate manual wrapping.

- Replenishing our stores using the original carton boxes from our suppliers. This creates more of a logistical challenge as the sizes of the carton boxes may vary greatly between suppliers, but it avoids repackaging using additional boxes. We also have a policy in place requiring stores to seek replenishment of certain products in multiples of the quantity contained in one carton box to avoid having to fill voids in the boxes with air pillows.

Water – our performance



* New disclosure in 2021/22

We do not have any issue sourcing water that is fit for purpose.

Water plays an important role in the extraction and manufacturing of cosmetic raw materials as well as the production of finished products. However, the water consumption disclosed in this report does not extend to the supply chain but captures only the tap water used for washing and cleaning purposes which we do not regard as material. Instead of providing our water intensity based on gross floor area and revenue, in 2021/22, we have started to provide intensity based on headcount to reflect the amount of water used per person. Wastewater discharge is not a material aspect in our operations.

Steps and targets

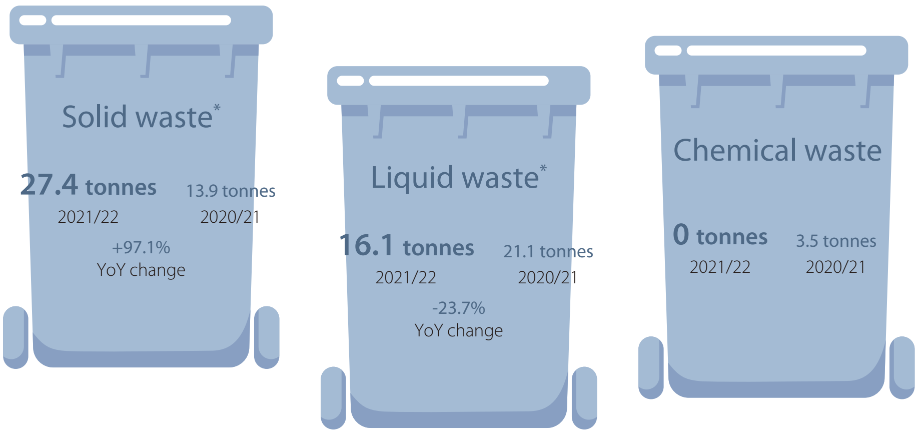
- We ensure water conservation icons are placed next to the water faucets in our facilities.
- Flow controllers for water taps have been installed at our logistics facilities to improve water efficiency.
- In 2022/23, we will start to install flow controllers for water taps at our offices as well to strive for further reduction.

Reuse and Recycle to Reduce Waste

Waste – our performance

Non-hazardous waste disposed

Hazardous waste disposed



Waste intensity*
(per HK$1M revenue)
15 kg

* New disclosure in 2021/22

Zero landfill vision

Our vision is to achieve zero landfill in line with the SAR Government's Waste Blue Print for Hong Kong 2035.

For the financial year 2021/22, we have re-organised our disclosure into solid, liquid and chemical waste in line with our own operational classification to pave the way for better performance measurement and data analysis that will help to establish more specific targets for reduction. Solid waste comprised mainly of damaged or expired products as well as materials such as backing paper for adhesive labels which are not recyclable and other damaged packaging materials. Liquid waste comprised mainly of damaged or expired products containing liquid. Chemical waste consisted mainly of items such as expired or damaged perfumes, and nail vanish and remover, which are flammable. As chemical waste needs special treatment, it is disposed of only when a minimum quantity has been reached which was not the case in 2021/22.

The general waste collected in our offices and retail stores composed primarily of single-use lunch boxes, disposable paper towels and napkins as well as other consumables generated by our employees and customers. Some recyclables are sometimes wrongly discarded as landfill waste due to a lack of environmental awareness or conveniently accessible recycling facilities. Going forward, while we will prioritise our performance measurement and management on waste generated from our operations, which is where we have the biggest impact, we will continue to raise awareness among our stakeholders to encourage waste separation and recycling and to discourage the use of non-reusable items.

What we did to practice reduce, reuse and recycle

- For the ninth consecutive year, we sponsored and participated in the Lai See Reuse and Recycle Program organised by Greeners Actions. This event has been well-supported by our customers as demonstrated from the number of red packets we collect in our 50 participating stores every year. With the support of Carbon Wallet, customers were rewarded with 100 carbon wallet points this year when they dropped the red packets at our collection points. Unfortunately, the event occurred at the height of the 5th wave of Covid-19 and had to be cut short for safety reasons.
- We collected leftover mooncakes after the Mid-Autumn festival from our office staff and sent them to Food Angel to reduce food waste.
- We educate our staff on waste classification and use a carrot and stick approach to encourage recycling.
- We stopped using single-use utensils at corporate events like birthday parties and working lunches.
- We continuously improve our recycling facilities to make waste separation more convenient.
- Recycling facilities are usually provided for our stores located in malls by landlords. For street stores, we very often rely on cardboard collectors in the community. Previous studies conducted internally have revealed that stores with environmentally conscious staff do much better in waste separation and recycling than others. We are therefore a strong believer in education, awareness and behaviour change which we will continue to focus our efforts on.
- Teaming up with iRecycle, we sponsored small gifts to provide rewards for recycling.
- Carton boxes used in our store replenishment are reused as many times as possible, and to encourage our store staff to help return the carton boxes to our central warehouse for reuse after unpacking, we offer small rewards to our store staff for their good work.

Lai See Reuse and Recycle Program

Red packets collected

2.4 tonnes
2021/22

3,899 kg (3.9 tonnes)
2020/21

-38.5%
YoY change

Recycle and reuse – our performance

Carton boxes
Recycled

2021/22	2020/21	YoY change
89,700 kg	95,600 kg (combined with A4 paper recycled)	- 6.2%

Plastic pallet *
(2-HDPE or 5-PP)
Recycled

2021/22	2020/21	YoY change
90 kg	660 kg	- 86.4%

Stretch film *
(4-LDPE)
Recycled

2021/22	2020/21	YoY change
5,700 kg	3,700 kg	+ 54.1%

Wooden pallet *
Recycled

2021/22	2020/21
0 kg	700 kg

Carton boxes *
Reused

2021/22	2020/21	YoY change
55,200 kg	23,300 kg	+ 136.9%

* New disclosure in 2021/22

Targets and progress

- To hold one "no plastic bag day" in our stores each month.
- To deliver at least one training session to our employees on the topic of waste and circular economy.
- Our goal is to influence both our internal and external stakeholders to make waste behaviour change.
- Subject to the development of Covid-19 and the ability to overcome internal resource constraints, we plan to seek Wastewi$e Certificate in the financial year 2022/23 as a first step in developing a more quantitative waste reduction target.
- We will continue to collect mooncakes after the Mid-Autumn festival and send them to Food Angel so that no food waste is disposed at landfills, whilst at the same time benefiting the under-privileged.
- In the long run, our ambition is to achieve zero landfill in our operations.

Paper consumption – our performance

Consumed

Offices	643,500 pcs	/ 3,218 kg
Logistics centre	1,641,500 pcs	/ 8,208 kg
Stores	1,932,500 pcs	/ 9,663 kg

By pieces

2021/22	2020/21	YoY changes
4,217,500 pcs	4,000,000 pcs	+5.4%

By weight

2021/22	2020/21	YoY changes
21,088 kg	19,958 kg	+5.7%

Recycled

	2021/22	2020/21
Offices	18,635 kg	14,366 kg
Logistics centre	1,800 kg	95,600 kg (combined with carton boxes recycled)

Total

2021/22	2020/21
20,435 kg	109,966 kg

Paper use intensity (per headcount)

2021/22	2020/21	YoY changes
2,407 pcs	1,999 pcs	+20.4%

Paper use intensity (per HK$1M revenue)

1,450 pcs

We have eliminated "paper disposal at landfills" from the Scope 3 GHG emissions in our data statement from financial year 2021/22, and replaced it with "waste disposal at landfills".

The emissions from "paper disposal at landfills" in previous years were calculated by reference to the difference between the office paper consumed and recycled. The office paper consumed included printed documents, like letters or invoices, for delivery to third parties, whilst the office paper recycled also included paper received from third parties. As we recycle close to 100% of the paper in our office that is no longer required, little to none is sent to landfills. The small percentage of paper not recycled comprised of paper fully recyclable but disposed of as general waste by colleagues. We will continue to encourage behaviour change to further reduce fully recyclable materials being sent to the landfills. The Covid-19 pandemic has already accelerated our transformation to a more digital approval process. In the financial year 2021/22, we started the development process of a robotic process automation (RPA) for accounting work, and in 2022/23 we will implement a digital solution for handling of non-trade payment requisitions. Such sustainable innovation not only helps us to be more efficient, but also helps to reduce paper use in our digital transformation journey.

Targets and progress

- In 2019/20 when we first developed our sustainability framework, we set a target to achieve 50% reduction in paper consumption against our base year 2014/15 level by 2025. This target has already been accomplished.
- We will continue to look for sustainable solutions in our digital transformation journey to do away with traditional printed copies.
- We will also continue to increase environmental awareness among our staff and encourage them to go digital as well as to reduce, reuse and recycle.
- We are planning to introduce a little incentive scheme to reward departments that accomplish the highest reduction rate on paper usage year-on-year.

Compliance with Laws and Regulations

There has been no non-compliance with environmental related laws and regulations in the financial year. We regard the following (some of them being voluntary charters) as relevant but they do not have a significant impact on our operations.

- Plastic bag charging scheme
- Charter on external lighting
- Bye bye microbeads charter
- Air pollution regulations regulating volatile organic compounds (VOC) and the switching off of idling vehicle engines
- Waste charging scheme
- Chemical waste control scheme
- Laws relating to protection of endangered species

OUR PEOPLE

Our people are our main asset. It is our responsibility to upskill and nourish them, empowering them to reach their full potential. It is also our duty as a responsible employer to provide a working environment that is fair, inclusive and free from discrimination.

Our Challenges

Attracting and retaining talents is difficult even at the best of times. The retail industry in Hong Kong has been in decline even before Covid-19 and the coronavirus has taken a heavy toll on the industry. Retailers must adapt to embrace the new era for retail which means transformation to smart retail, a digital world, and a hybrid operational mode of online and offline.

Sustainable Beauty 2025

Empower our people – our commitments:

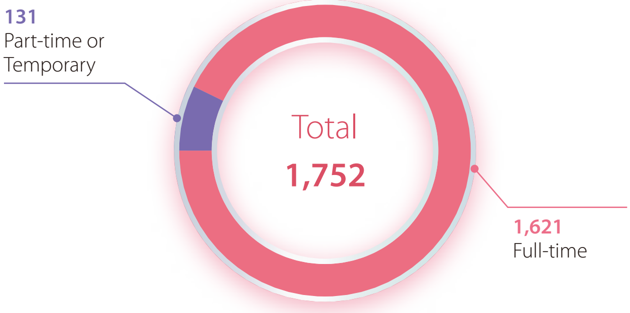
- Invest in training and development
- Developing women leaders in the retail industry
- Promote equality, diversity and inclusion

Our commitments to our people are set out in our Employment Policy, Training and People Development Policy, Health and Safety Policy, and Equal Opportunities Policy.

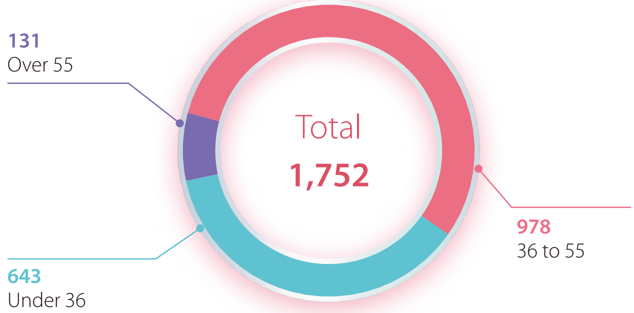
Our principal subsidiary in Hong Kong is also a signatory to the Mental Health Workplace Charter.

Employees Profile

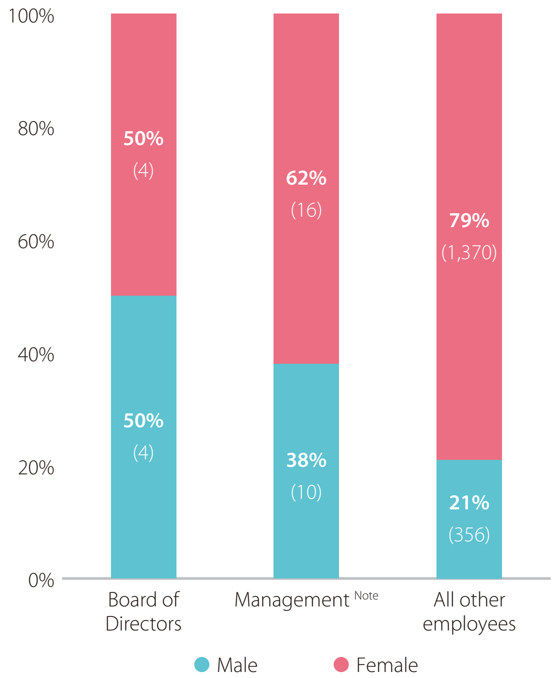
Number of employees by employment type



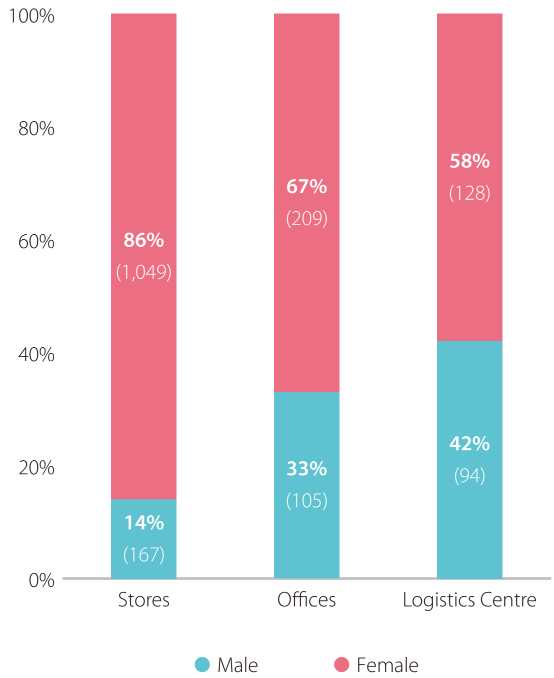
Number of employees by age group



Gender distribution by seniority (number of employees)



Gender distribution by function * (number of employees)



* New disclosure in 2021/22

Note: "Management" in this ESG report refers to the Company's executive directors, all senior vice-presidents, vice-presidents, department directors and associate directors of the Group.

Training and Developing Leadership

Empowering our people – our performance

Number of junior beautician trainees (JBT) trained and qualified under the Qualification Framework

87 2021/22 | 60 2020/21 | +45% YoY change

Women in leadership

	2021/22	2020/21
Directors	**50%**	50%
Management	**62%**	62%

Total number of employees trained

767 2021/22 | 1,422 2020/21 | -46.1% YoY change *

Total number of training hours

45,742 2021/22 | 27,014 2020/21 | +69.3% YoY change

Average hours of training per employee

26.1 2021/22 | 13.5 2020/21 | +93.3% YoY change

* Number of employees in Hong Kong and Macau came down by 12.4% compared to 2020/21.

Recognition of professional qualifications

Some of our professional beauty consultants have served our customers for more than a decade. To better recognise their expertise in the beauty industry, Sa Sa has joined the Recognition of Prior Learning programme, a mechanism under the Hong Kong Qualifications Framework (HKQF). It provides an alternative route for beauty practitioners to obtain recognised qualifications based on their work experiences and enables them to facilitate their on-going professional development.

To further enhance the career potential of our talents, Sa Sa Beauty Academy ran by our in-house training and people development department has successfully applied for the HKQF accreditation recognised by the Hong Kong Council for Accreditation of Academic and Vocational Qualification in July 2019.

Four subjects of our JBT programme are now recognised under the HKQF's level-two programme.

Recognised subjects:

- Identification of various types of skin and skin care
- Use of general cosmetic products and tools
- Building up relationship with customers
- Use of good communication skills to facilitate transactions

Creating advancement opportunities for our frontline staff

Sales Trainee

63 hours

We target high school graduates with no prior work experience in similar roles. The 3-month training includes:

- Basic knowledge of cosmetics
- Sales and communication techniques
- Opportunities to conduct sales

Junior Beautician Trainee

145 hours

We hire candidates with one to two years of work experience for this role, and provide four months' training which includes:

- Customer service
- Product knowledge
- Skin analytical techniques
- Make-up product knowledge and techniques
- Fragrance product knowledge
- Health food product knowledge
- Sales techniques

In 2021, 87 staff members have completed the curriculum and 40 of them graduated.

Beauty Consultant

Core: 48 hours
Advanced: 28 hours
Total: 76 hours

It takes about 12 months to be promoted from Sales Trainee to Beauty Consultant, and continuous training are provided:

- Advanced product knowledge
- Advanced customer service
- Sales techniques and customer psychology

Big Sister and Big Brother

Total: 12 hours

There are more than 130 Big Sisters and Big Brothers in Sa Sa currently. This scheme aims to develop our experienced colleagues into coaches to train junior colleagues, thereby enabling the transfer of valuable knowledge and mentorships for the junior staff. Each Big Brother or Big Sister will guide one or two of their junior colleagues. Through coaching others, the Big Brothers and Sisters can also learn new skills to prepare themselves for shop supervisor role.

Outstanding Big Sister/Big Brother and Shop Trainer

Core: 32 hours
Advanced: 8 hours
Total: 40 hours

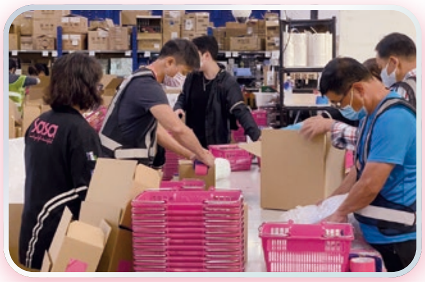
Big Brothers and Big Sisters can further develop their skills with the aim to become a team leader or shop supervisor at Sa Sa. They gain knowledge of personnel management in preparation for promotional or other opportunities.

Taking Care of our People

Employees health, safety and wellness

Employees health and safety and wellness are of paramount importance especially during the Covid-19 pandemic. Our goal is to lessen the number of people infected and take care of those who have been affected, both physically and mentally, by this unprecedented crisis. To this end, we have adopted a number of measures to boost health and safety and wellness among our employees in the financial year 2021/22 and live up to our commitment to being a Caring Company.

1. Allowed employees to work from home at certain periods during the year in response to the Covid-19 outbreak.
2. Allowed pregnant staff and employees with long-term illness to work from home throughout the pandemic.
3. Provided home-cooked quality lunch made by our company's chef for free or at a nominal cost to avoid the risks of employees dining outside.
4. Flexible lunch hours to enable better distancing and safer mask-off activity.
5. Vaccine lucky draw for staff.
6. Vaccine leave.
7. Provided free face masks, hand sanitiser and rapid antigen test kits for employees to protect themselves and those around them.
8. Rapid antigen test kits, high quality face masks and sanitising products were offered to staff at cost or with staff discount for employees to acquire personal protection products for family and friends.
9. Special support was provided to employees in quarantine.
10. Investment was made to enhance technological tools to enable remote working and online meetings to be conducted more efficiently and effectively.
11. Online yoga classes were organised for employees to get together in the virtual space and have fun together.
12. Office staff from all levels of seniority were sent to the logistics centre to help clear online delivery backlogs, providing both physical and moral support to warehouse workers with everyone pulling together creating a greater sense of unity and camaraderie throughout the company to navigate these difficult times.
13. Transparent communication, with the consent of the relevant employees, as to the identity and office seat location of infected employees so that other employees could stay more alert to their own infection risk.
14. Promptly closing temporarily and disinfecting areas infected employees had stayed.
15. Regularly disinfecting common areas to minimise the risk of infection.
16. Promoting team engagement and camaraderie through organising birthday lunches between Covid outbreaks whenever there were windows of opportunity to do so.



Occupational health and safety – our performance

Work related injuries

14 cases 2021/22 — 19 cases 2020/21

-26.3% YoY change

Lost days due to work injury

1,141 days 2021/22 — 903 days 2020/21

+26.4% YoY change

Work-related fatalities

None in each of the past three years including financial year 2021/22

Occupational health and safety measures

Health and safety guidelines are provided to newly-joined employees on commencement of employment and training provided from time to time throughout employment. We have a health and safety committee chaired by our human resources director delegated with duties relating to occupational health and safety. The committee met three times in the financial year 2021/22 and reviewed each of the employee compensation cases outstanding at the date of the meeting. If any incident of employee injury is suspected to be caused by the Company or any of its subsidiaries not having taken adequate health and safety measures, the committee will explore whether improvements are required to the company's facilities to prevent similar incidents in the future.

Plans for the future

- A new cloud-based e-learning platform will be launched in 2022/23 enabling employees to learn and develop their skills more efficiently and effectively. The platform will enhance the company's ability to opt for traditional classroom or online training as appropriate depending on the objective and needs.

- Apart from the regular training and development that our training and people development department have been delivering, the e-learning platform will allow the ESG team to provide more sustainability-related training not otherwise possible during the Covid-19 pandemic. Discussions are already in progress to produce a mini-series on waste and the circular economy in the 2nd quarter of the financial year 2022/23 which all employees can conveniently access with their mobile devices.

Compliance with Laws and Regulations

The below laws and regulations are relevant to us but not regarded as having a significant impact.

- Employment and employees compensation legislation
- Occupational health and safety legislation
- Anti-discrimination legislation
- Anti-bribery and corruption legislation

In the financial year 2020/21, we received two discrimination complaints both of which were investigated according to our company protocols and were found to be unsubstantiated. There was no non-compliance with anti-discrimination or employment related laws or regulations in 2021/22.

We do not force our employees to work overtime and provide rest days, breaks during working hours, annual leave and sick leave over and above the statutory requirements. There were no cases of child or forced labour in the financial year.

Our Whistleblowing Policy provides the necessary mechanisms for employees to report misconduct within the company. Complaints are handled by our internal audit team and findings reported to the audit committee of the Company. To ensure ethical business practices, the Company and its employees are also guided by our Gifts and Entertainment Policy, Conflict of Interest Policy and Guidance on Prevention of Bribery Ordinance.

One seminar conducted by the Independent Commission Against Corruption was provided to general staff in the year 2020/21, and one training to the Company's directors on anti-corruption was conducted in the year 2021/22. No legal case relating to anti-corruption was brought against the Company or any of our employees during the reporting period.

Fraud risk is one of the risks regularly monitored by the Company. Please refer to the section on Ethical Business Practice in our Enterprise Risk Management Report on page 80 of this annual report for further details.

OUR CUSTOMERS

Our customers are one of our key stakeholders. We serve them with our heart living up to our ***Making Life Beautiful*** motto.

Our Challenges

The market is changing rapidly. Today's customers are more knowledgeable, more aware of their consumer rights, and demand more information on products generally, including everything from ingredients, effectiveness to certification. Apart from being price-sensitive in difficult economic times like the present, their expectations are rising and retailers must constantly review the entire customer experience, from online enquires made before shopping all the way to after sales services, serving the customers with speed having all information readily on hand.

Sustainable Beauty 2025

Serve with heart – our commitments:

- Commit to product quality and safety
- Integrate consumer rights and protection into customer experience
- Make quality beauty accessible and affordable to all
- Manage environmental and social risks along the supply chain

Commit to Product Quality and Safety

Our commitment to product quality and safety, responsible marketing and the protection of customers privacy are set out in our Responsible Product and Supply Chain Policy and our Privacy Policy.

Product responsibility – our performance

One of the targets set under our sustainability framework is to see a reduction in the number of customer complaints each year. For the financial year 2021/22, we did not achieve this target.

Product and service excellence

Our house brand, La Colline, was the proud winner of 2021 Quality Service Retailer of the Year of Flagship Stores (Silver Award) and 2021 Quality Service Retailer of the Year (Beauty Products/Cosmetics Category).

We received three awards in "Smart Retailing" organised by the Hong Kong Retail Management Association in 2021:

- Smart Transformation & Innovation Award (Retailer Group) – Merit Award
- Smart Transformation & Innovation Award (Retailer Group) – Industry Impact Award
- Smart Retail Talent Award – Grand Prize for E-Commerce Specialist – Mr Hong Li, our e-commerce director

Quality and safety

Product quality and safety is at the core of our operations.

Please refer to the section on Supply Chain Management for more information on how we manage our suppliers to ensure that the products we source are free from quality and safety issues.

In addition,

- Our logistics department is ISO 9001:2015 (quality management system) certified. They act as a gatekeeper to ensure that goods entering our warehouse pass quality control, are properly stored and the expiry dates managed.
- Except for food, pharmaceutical products, certain giveaways and discounted products, we ensure the products we sell have a remaining shelf life of at least four months.
- Our buyers look out for prohibited or regulated ingredients when sourcing products.
- Our management directly participate in product safety or quality complaints and investigations. Before the investigation process is completed, we may err on the side of caution and proactively remove the product in question from the shelves.
- We offer a 30-day purchase guarantee to enable customers to return products that they are not satisfied with.

Our target under our sustainability framework is to maintain zero product recall. This has been achieved.

We continue to practise safe retail in times of the pandemic.

Clean beauty

In recent years, consumers are demanding for more clean beauty (beauty products without ingredients suspected to be harmful to human health), which we actively source from around the world. In the financial year 2021/22, 25 new clean beauty products across eight different brands were launched.



Marine life

Apart from human health, we also care deeply about marine health and marine life.

Since 2010, we have banned shark fins from being served at corporate functions.

We committed in 2016 to eliminate microbeads from all cleansing and exfoliating products (rinse-off products) sold at our stores by 2018. And in 2021, we were among the first batch of signatories to the Bye Bye Microbeads Charter.

Some of our microbead-free brands

SUISSE PROGRAMME | Méthode SWISS BEAUTY CARE | 어용감 | Haruhada ハルハダ | La Colline Swiss Riviera Beauty Treatment | Soo Beauté

Integrate Consumer Rights and Protection into Customer Experience

We regard consumer protection legislation as having a significant impact on the Company and take active steps to ensure compliance with the standards laid down by such legislation. The three pieces of legislation highly relevant to our operations as a retailer are: the Trade Description Ordinance regulating goods with false trade description or forged trademarks and undesirable trade practices, the Personal Data (Privacy) Ordinance governing personal data and giving rights to data subjects, and the Consumer Goods Safety Ordinance and Regulations requiring consumer goods to be safe and labelled with certain information in certain circumstances. Our staff are familiar with the rights and protection conferred to consumers through such legislation and regard them as imperative throughout the entire customer experience. Please refer to the section on Compliance with Laws and Regulations in our Corporate Governance Report for the steps that we take to ensure compliance.

In the financial year 2021/22, we were not involved in any consumer-related non-compliance cases that resulted in prosecution, but we did receive one letter of advice and one warning letter for minor non-compliance with product labels.

Make Quality Beauty Accessible and Affordable to All

Our OMO (online merge offline) business model and the multiple sales channels through which our products are offered means customers no longer need to go to the products, but rather, the products will be brought to the customers.

As a multi-brand retailer offering over 600 brands and more than 9,000 beauty related and other products, from daily necessities to special occasion needs, mass market brands to premium brands, there is something for everyone.

From the beginning of the Covid-19 pandemic, we have been especially eager to provide quality but affordable face masks, sanitising products and rapid antigen test kits for everyday use. We stand by everyone in our community to fight the virus together.

Over 130 brands of different products for fighting the coronavirus, ranging from a few dollars to a few hundred dollars.

Supply Chain Management

Number of suppliers by geographical region

Hong Kong SAR	Asia (excluding Hong Kong)	Europe	America	Others
284 (57.9%)	131 (26.7%)	64 (13%)	11 (2.2%)	1 (0.2%)

Our practices

Before engaging a supplier or service provider, we ask for information on both the supplier/service provider and the product/service/solution sought to be supplied to conduct an initial assessment. We may ask for more information or screen information available in the public domain, our business intelligence system or network looking out for red flags throughout the process. The decision to engage the supplier or service provider is usually made after consideration or approval at different levels of seniority within the company ensuring there are checks and balances. We seek to identify commercial risks and environmental and social risks by watching out for:

- legality of the entity providing the product or service
- major regulatory or compliance issues in the past especially those involving trade description, personal data, consumer goods safety, and registration or labelling requirements
- employment issues especially if manual labour or foreign workers are involved in the provision of services
- safety and effectiveness issues, which were dominating factors in the last two years involving face masks and rapid antigen test kits
- ingredients that might be prohibited, limited or not illegal as such but undesirable such as microbeads

We mitigate our risks through contractual provisions, and seeking additional supporting documents as assurance, or third-party certification as appropriate.

For both existing and new suppliers, we are guided by the selection criteria set out in our Responsible Product and Supply Chain Policy. Through regular engagement and communication, we collaborate and exchange views with our suppliers on different matters including sustainability through which we may identify both risks and opportunities and potentially discover environmentally preferable products or services previously unbeknownst to us.

In the past, we have successfully identified and implemented sustainable innovation, for example "follow you printing", from an existing supplier that provided a solution to printed waste from paper left uncollected at printers.

The above practices extend by varying degree to the majority of our suppliers except for those perceived to be of low risk because of their scale, reputation, market position or the length of time the products or services have already been available on the market.

OUR COMMUNITY

Building a community where everyone feels they belong and can thrive calls for a holistic approach. But we are all in it together, so let's come together for our shared future.

Our Challenges

As the Covid-19 pandemic evolved from being a health crisis to both a health and economic crisis, we cannot but acknowledge the widening social and economic disparities in society. We need a stable and cohesive community to foster prosperity and overcome the economic impact of the pandemic.

Sustainable Beauty 2025

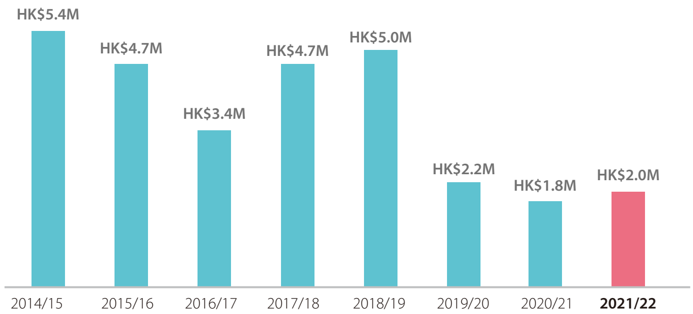
Achieve sustainable growth together – our commitments:

- Invest in the community
- Collaborate to flourish

Our commitment to invest in the community and foster its development through support in the form of financial and human capital, with a focus on programmes and issues that we are most concerned with, is set out in our Environmental, Social and Governance Policy.

Community Investment

Amount invested – our performance



Sa Sa has a long history of supporting the community. Since the establishment of Sa Sa Making Life Beautiful Charity Fund in 2013, we have invested a total of HK$29.2 million in the community through donations, sponsorships, and other financial support. Po Leung Kuk, The Community Chest of Hong Kong, The Hong Kong Girl Guides Association and Greeners Action are among the organisations that we support and collaborate with regularly, on top of other NGOs. Since the Covid-19 outbreak in 2020, we have provided both manpower and financial support to give out personal protective products to those in need. In the year ended 31 March 2022, a total of 74,000 items, including 50,000 rapid antigen tests, 15,000 face masks and 9,000 boxes of Lianhua Qingwen capsules, were donated to elderly homes, quarantine centres and other organisations.

Despite a 61.1% drop in turnover of our online and offline operations in Hong Kong and Macau against the pre-Covid year of 2018/19, our investment in the community remained at HK$2 million for the year ended 31 March 2022.

Bonding in the Community

"SaSa Making Life Beautiful" My STEAM cross-generational project

In the financial year 2021/22, we saw the closing of a cross-generational project ran by Po Leung Kuk and sponsored by Sa Sa Making Life Beautiful Charity Fund with matching funds from the Government of the HKSAR. The project objective was to build an innovative cross-generational communication platform for the youth and the elderly through STEAM (Science, Technology, Engineering, Art and Mathematics). It kicked-off in 2019 with a cross-generational video competition, with the Sa Sa multi-media content management team providing coaching on video shooting, editing and creative techniques, and concluded with four short live-performances in 2021 with participants showcasing their insights on cross-generational communication to the audiences. As the project was interrupted by Covid-19, participants also took the chance to organise workshops on Covid prevention measures for the community and helped distribute protective equipment.

Project duration: September 2019 to July 2021

Provided over 800 times of benefits or services to beneficiaries

Game booths at the closing ceremony

Tour of the community using VR

Elderly student Mandy discovered performing with young people made her feel younger and more cheerful. She learnt from these young people new knowledge to keep up with modern trends; in exchange, she was able to share her life experience with them.

Connecting and engaging

Connecting the community through sports – TVB's All Star Sports Day held in the run up to the Tokyo Olympics to raise funds for The Community Chest of Hong Kong

Po Leung Kuk Flag Day in the offices – Covid-19 did not stop us from fund raising

Celebrating success with women in the community – sponsoring Ladies Purse Day and Miss Hong Kong pageant

Outstanding Corporate Responsibility Award

Community support during critical times brought about by the Covid-19 pandemic

Vaccine lucky draws held between August and October 2021 to encourage our staff and customers to get vaccinated in order to protect themselves and the community.

Rapid antigen test kits donated to five elderly centres

Donating to quarantine centre

Donating to HK Cadets Army Association

Supporting our long-term community partner, Po Leung Kuk

Joined hands with the entire cosmetic industry to create impact

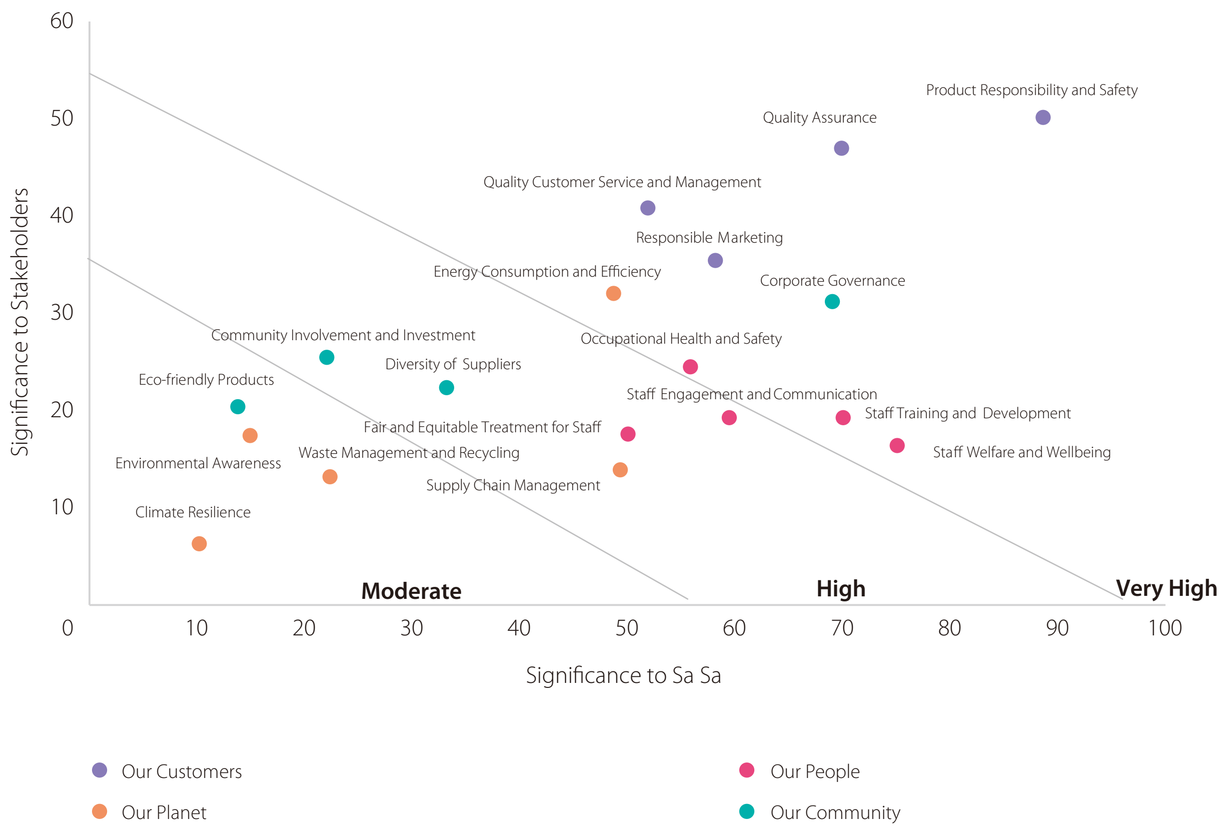
MATERIALITY ASSESSMENT

We listen, engage and communicate regularly with our stakeholders through multiple channels using different methodologies to understand their priorities and expectations. With economic and resource constraints, as well as social distancing brought about by Covid-19, we have not been engaging with our stakeholders as often as we wished to in the last two years. Towards the end of the financial year 2021/22, however, we initiated a large-scale stakeholder engagement and materiality assessment with the support of an independent consultant with a view to developing a more robust roadmap for our sustainability journey.

The results and follow-up actions arising from this engagement will be disclosed in our next ESG report.

The key stakeholders included in our most recent engagement include:

Materiality Matrix Note



Note: Based on previous assessment

ABOUT THIS REPORT

This report covers the Group's online and offline operations in Hong Kong and Macau which, together, contributes to more than 80% of the Group's total turnover in the year ended 31 March 2022. The reporting boundary remains the same as compared to previous years. It is in full compliance with the mandatory disclosure requirements and the "comply or explain" provisions as set out in Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide.

We welcome your feedbacks. Please do not hesitate to write to us at esg@sasa.com with any comments.

SUSTAINABILITY DATA STATEMENT – SOCIAL

Description		Unit	2021/22	2020/21	2019/20
Headcount	**Total**	pers	**1,752**	2,001	2,423
By gender	Male Female	pers	366 (20.9%)* 1,386 (79.1%)*	428 1,573	519 1,904
By age group	under 36 36-55 over 55	pers	643 (36.7%)* 978 (55.8%)* 131 (7.5%)*	831 1,109 61	887 1,184 64
By employment type	Full-time Part-time/Temporary	pers	1,621 (92.5%)* 131 (7.5%)*	1,850 151	2,262 161
Total no. of employees trained *		pers	**767**	1,422	1,623
Total no. of training hours *		hr	**45,742**	27,014	47,733
Average hours of training per employee (percentage of employees who received training)[1]	**Total**	hr	**26.1 (43.8%)**	13.5 (71.1%)	19.7 (67%)
By gender	Male Female	hr	7.4 (44.8%) 31.1 (43.5%)	10.1 (51.2%) 14.7 (69.8%)	14.6 (51.4%) 20.8 (70.9%)
By seniority	Management Managers All other employees	hr	3.6 (53.8%) 2.0 (35.4%) 31.1 (45.2%)	5.1 (50.0%) 2.1 (50.3%) 23.7 (74.4%)	4.3 (38.3%) 3.7 (52.6%) 22.2 (68.4%)
By function *	Stores Offices Logistics Centre	hr	24.6 (26.0%) 2.5 (55.4%) 67.6 (124.8%)	N/A N/A N/A	N/A N/A N/A
Fatality		cases	**0**	0	0
Work-related injuries		cases	**14**	19	30
Lost days due to work injury		days	**1,141**	903	1,588
Average days of sick leave taken by employee per month		days	**0.22**	0.29	0.27

	2021/22		2020/21		2019/20	
	Overall	Excluding employees who left during probation period	Overall	Excluding employees who left during probation period	Overall	Excluding employees who left during probation period
Turnover rate[2]	**37.5%**	**28.0%**	20.2%	19.8%	35.6%	28.1%
By gender						
Male	34.7%	25.8%	22.1%	21.0%	34.9%	27.3%
Female	38.2%	28.5%	19.6%	18.4%	36.1%	28.4%
By age group						
under 36	59.5%	37.7%	20.0%	17.8%	45.0%	32.4%
36-55	23.4%	19.2%	15.2%	14.8%	23.1%	15.4%
over 55	32.2%	31.2%	15.1%	15.1%	124.4%	137.8%

* New disclosure in 2021/22

Notes to the Sustainability Data Statement:

1. Average number of training hour is based on the number of full-time employees as of 31 March 2022.
2. Full-time employees only.

SUSTAINABILITY DATA STATEMENT – ENVIRONMENT

Description			Unit	2021/22	2020/21	2019/20	Baseline 2014/15
GHG emissions[1]	**Total**		tCO_2e	**7,302**	10,022	12,074	19,498
	Scope 1	Company-owned trucks[2]	tCO_2e	142	122	170	137
	Scope 2	Purchased electricity used in our offices, logistics centre and stores[3]	tCO_2e	7,040	9,770	11,675	19,063
	Scope 3	**Total**		**120**	N/A	N/A	N/A
		Business air travel	tCO_2e	0	0	61	143
		Electricity used for fresh water processing and sewage treatment	tCO_2e	4	3	12	18
		Trucks owned by external logistics service providers[4]	tCO_2e	84	38	70	N/A
		Waste disposal at landfills[5]	tCO_2e	32	N/A	N/A	N/A
Carbon intensity			kg CO_2e/sqm GFA	**143**	191	209	363
			kg CO_2e/HKD1m revenue	**2,511**	5,012	2,547	2,663
			kg CO_2e/headcount *	**4,167**	N/A	N/A	N/A
Energy consumption	**Total**		MWh	**13,896**	N/A	N/A	N/A
	Electricity consumption	**Total**	MWh	**13,358**	16,419	19,162	26,392
		Stores	MWh	10,016	12,576	15,082	23,105
		Offices	MWh	1,306	1,304	1,424	1,407
		Logistics centre	MWh	2,036	2,539	2,656	1,880
	Non-renewable fuel consumption*		MWh	538	N/A	N/A	N/A
Electricity intensity			kWh/sqm GFA	**262**	313	332	491
			kWh/HKD1m revenue	**4,593**[6]	4,885	4,044	2,604
Water consumption[7]			cu.m	**5,824**	11,251	19,517	30,691
Water intensity[8]			cu.m/headcount*	**3.3**	N/A	N/A	N/A
Vehicle fuel consumption	**Total**		L	**85,288**	59,926	84,628	50,119
	Company-owned trucks		L	53,558	44,556	61,108	50,119
	Trucks owned by external logistics service providers		L	31,730	14,400	23,520	N/A
Vehicle fuel efficiency			L/sqm GFA	**1.7**	0.9	1.5	0.9
			L/HKD1m revenue	**29**[9]	18.8	50	19
Vehicle emissions	So_x		g	**1,325**	696	1,272	N/A
	No_x*		g	**0**	N/A	N/A	N/A

* New disclosure in 2021/22

Notes to the Sustainability Data Statement:

1. GHG emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition) issued by EMSD & EPD. See breakdown by facilities on page 90.
2. Comprised of emissions from the three delivery trucks owned by the company as in previous years, but emissions based on the petrol consumption of two employees paid for by the company excluded based on materiality.
3. Emissions associated with electricity purchased are calculated based on the latest available emissions factors provided by the power companies.
4. Description changed from "transport fleet owned by the external logistics operators" to "trucks owned by external logistics service providers" for greater clarity.
5. Based on emissions factor derived from the latest available data on GHG emissions in waste sector and total disposed waste at landfills in Hong Kong in 2019 published by HKSAR Government.
6. The denominator changed from kg CO_2e to kWh since 2021/22.
7. Calculated by reference to the water and sewage charges paid in the period. The reduction was due partly to the concessions granted by the HKSAR Government as relief measures to support businesses.
8. Organisation-specific metrics for calculating water intensity changed from GFA and revenue to number of employees to reflect the amount of water used per person for washing and cleaning purposes.
9. The denominator changed from kg CO_2e to L since 2021/22.

Description		Unit	2021/22	2020/21	2019/20	Baseline 2014/15
Paper consumption	**Total[1]**	'000 pcs (kg)	**4,218 (21,088)**	4,000 (19,958)	6,265 (31,020)	9,316 (47,056)
	Stores*	'000 pcs (kg)	1,933 (9,663)	N/A	N/A	N/A
	Offices*	'000 pcs (kg)	644 (3,218)	N/A	N/A	N/A
	Logistics centre*	'000 pcs (kg)	1,642 (8,208)	N/A	N/A	N/A
Paper use intensity		pcs/headcount	**2,407**	1,999	2,586	2,872
		pcs/HKD1m revenue	**1,450[2]**	10	12	19
Business air travel		'000 km travelled	**0**	0	435	929
Business air travel intensity		km travelled/headcount	**0**	0	174	286
		km travelled/HKD1m revenue	**0[3]**	0	13	20
Packaging:						
Carton box consumption[4]	**Total**	'000 pcs (kg)	**1,161 (406,493)**	874	436	N/A
	Offline *	'000 pcs (kg)	233 (199,450)	N/A	N/A	N/A
	Online*	'000 pcs (kg)	928 (207,043)	N/A	N/A	N/A
Bubble wraps consumption*		kg	**19,907**	N/A	N/A	N/A
Airpillow consumption*		kg	**10,836**	N/A	N/A	N/A
Stretch film consumption*		kg	**18,663**	N/A	N/A	N/A
Plastic pallet consumption*		kg	**1,000**	N/A	N/A	N/A
Wooden pallet consumption*		kg	**18,000**	N/A	N/A	N/A
Shopping bags consumption		'000 pcs	**1,184**	1,045	2,373	3,010
Shopping bags consumption intensity		pcs/transaction	**0.14**	0.15	0.18	N/A
Resources recycled[5]:						
Paper	Offices	kg	**18,635**	14,366	19,514	18,602
	Logistics centre	kg	**1,800**	95,600[6]	148,000	N/A
Plastic		kg	**5,790**	4,400	3,200	N/A
– Plastic pallet*		kg	**90**	N/A	N/A	N/A
– Stretch film*		kg	**5,700**	N/A	N/A	N/A
Carton box*		kg	**89,700**	N/A	N/A	N/A
Wooden pallet*		kg	**0**	N/A	N/A	N/A
Resources reused:						
Carton box*		kg	**55,200**	N/A	N/A	N/A
Non-Hazardous waste[7]	Solid*	tonnes	**27.4**	N/A	N/A	N/A
	Liquid*	tonnes	**16.1**	N/A	N/A	N/A
Hazardous waste	Chemical	tonnes	**0**	3.5	N/A	N/A
Waste intensity*		kg/HKD1m revenue	**15**	N/A	N/A	N/A

* New disclosure in 2021/22

Notes to the Sustainability Data Statement:

1. Total may not add up due to rounding.
2. The denominator changed from kg CO_2e to pcs since 2021/22.
3. The denominator changed from kg CO_2e to km travelled since 2021/22.
4. The carton box consumption for offline and online were disclosed separately since 2021/22.
5. Aluminium cans and plastic containers for personal use recycled by employees in the offices no longer disclosed.
6. Disclosure in 2020/21 represented the combined weight of paper and carton boxes recycled in our logistics centre.
7. Personal waste generated by employees replaced by waste from operations from financial year 2021/22.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page No.
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P.89 and P.97
KPI A1.1	The types of emissions and respective emissions data.	P.89, P.90 and P.118
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.89, P.90 and P.118
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.94 and P.119
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.94 and P.119
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	P.90 and P.91
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P.94 and P.95
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P.89
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P.90 and P.118
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P.93 and P.118
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P.90 and P.91
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P.93
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P.92-93 and P119
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P.89
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.88-P.97, P.107, P.108
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P.89
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P.88, P.90 and P.91
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P.98 and P.103
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P.99 and P.117
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P.117
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P.98 and P.103
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P.102 and P.117
KPI B2.2	Lost days due to work injury.	P.102 and P.117
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P.102 and P.103

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page No.
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.98
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P.117
KPI B3.2	The average training hours completed per employee by gender and employee category.	P.100 and P.117
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P.98 and P.103
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.98 and P.103
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P.98 and P.103
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P.105 and P.109
KPI B5.1	Number of suppliers by geographical region.	P.109
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P.109
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P.109
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P.109
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	P.105, P.108 and P.109
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.105
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P.105 and P.106
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.108
KPI B6.4	Description of quality assurance process and recall procedures.	P.106
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P.105 and P.108
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P.103
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P.103
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P.103
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P.103
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P.110
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P.110 – P.115
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P.110 and P.111

INVESTOR RELATIONS REPORT

Effective and Two-way Communications

The Group is committed to fostering productive and long-term relationships with individuals and institutions (collectively named as "Shareholders"), and the investment community at large, through effective two-way communication channels.

Sa Sa's communication strategy is to ensure that information about and from Sa Sa is delivered on a timely, transparent and non-exclusionary basis. The Group strives to be responsive to the enquiries of the investment community by being easily accessible and responding in a timely manner. Sa Sa endeavours to ensure that all information published is factual and presented in a clear and balanced manner, disclosing both positive and negative information objectively, so that the investment community can make informed investment decisions.

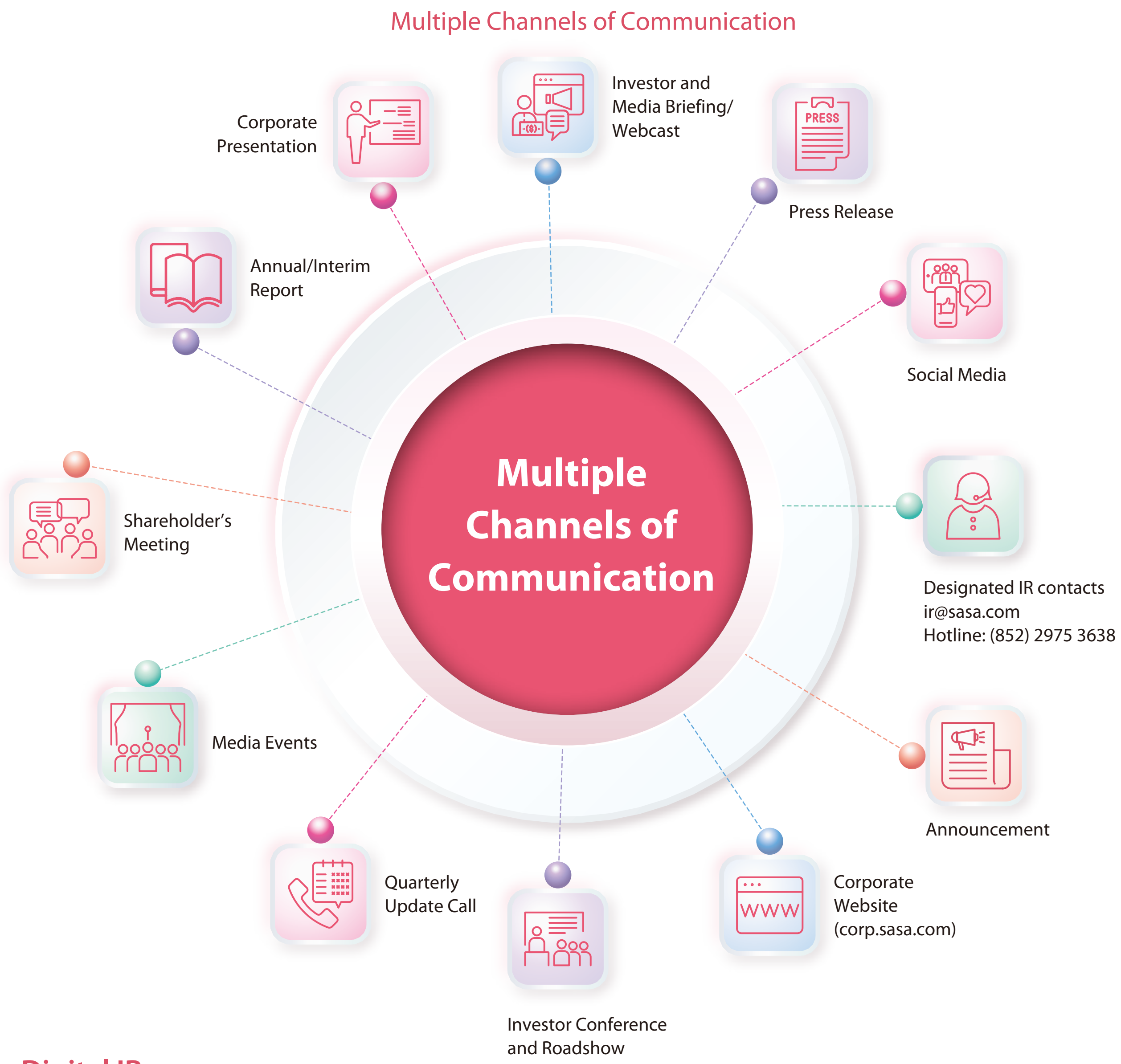
The Group communicates with the investment community and allows them to understand the business and strategies, and shares the Group's views on the outlook through multiple channels and platforms. The Group believes that one of the competencies of investor relations is enhancing two-way communications, therefore, the Group carries out constructive communications with investors and analysts in a timely manner, and passes on analysis and opinions collected from investors and analysts to the management and the Board. Not only does this help strengthen the Group, provide the management and the Board multiple perspectives for understanding the market, take investors' opinions into consideration, it also helps formulate the investor relations plan and improve the investor relations practices on an on-going basis. The Group also aspires to adopt digital investor relations practices to improve communication efficiency, user experience and lessen environmental impact. In addition, the Group is committed to continuous improvement of our environmental, social and governance ("ESG") strategy and execution on a systematic basis and start to enrich the ESG disclosure through various communication channels.

Dr LOOK Guy
Chief Financial Officer and Executive Director

Shareholders' Communication Policy

To facilitate effective and systematic communications with Shareholders and to attain a higher standard of investor relations practices, the Board approved and adopted the "Shareholders' Communication Policy" on 19 March 2012, setting out the aims and practices of the Company to engage in two-way communication with Shareholders and the investment community. The Policy is available on the Company's website for public reference.

Communication Platforms



Digital IR

Ever since the outbreak of COVID-19, physical investor relations communication work has not been carried out as usual. Therefore, the Group has accelerated the development of digital investor relations and has never stopped communicating with investors in a timely manner. Virtual meetings and live webcasts have been arranged to replace traditional face-to-face interactions with both local and overseas investors, and these have proved successful in maintaining investor engagement regardless of geographical limits. The use of online and social media channels has also been growing as a means of information disclosure, including further digitalising our information access with investors to reduce waste. For instance, QR codes are provided for investors to view presentation materials by electronic device during analyst briefings. Such convenient and paperless options will continue to be promoted. The Company's website has also been fully upgraded to present a more user-friendly and interactive interface to investors. These measures could effectively enhance the close communication between the Group and investors, meanwhile it could help plan more efficient strategies for effective communications.

Investor Relations Activities

The Group is highly supportive of the investor relations function. Our Executive Directors, Director of Corporate Communications and Investor Relations and designated representatives interact regularly with the market in a variety of ways in order to facilitate two-way communication between the Company, Shareholders and the investment community. The Group upholds the principles of non-selective disclosure for price-sensitive information. Historical financial information, operational data, corporate strategies, industry updates and future outlook of the Company are available to the public via the Company's website and the HKEx's website. Our communications with the investment community and Shareholders are based on information that is in general publicly available.

Under the impact of the COVID-19 pandemic, investors have already adjusted to the "new normal" in communications. In addition to virtual meetings and conference calls, we are active participants in virtual conferences and roadshows organised by financial institutions to ensure timely and effective communications with investors. For the annual results announcement and the interim results last year, we hosted media conferences and investor presentations via online webcasts instead of physical events in order to avoid the risk of spreading the COVID-19 virus. We switched to a hybrid model for Annual General Meeting ("AGM") that provides an additional option for Shareholders to participate without being physically present. An online Q&A session was arranged to maintain our dialogue with the Shareholders. In addition to minimising the number of individuals gathering at the venue, the hybrid AGM also provides an alternative mean of participation for shareholders who could not attend the meeting in person.

The Group understands the importance of transparency in our investor communications programme, especially under the threat of the current COVID-19 pandemic. Our corresponding strategies have become a key focus in our core communications materials, including financial reports, announcements, press releases and social media posts. Apart from arranging special meetings to address the impact of COVID-19 at the beginning of the outbreak, we ensure the ongoing impact on the Group's operations and financials is effectively communicated in a timely and transparent manner at each and every investor meeting or event.

Roadshow and Conference

FY2021/22	Event	Organiser	Location/Format
Q1	Post-results non-deal roadshow	Jefferies	Online
	Post-results non-deal roadshow	ICBC	Online
	Post-results non-deal roadshow	DBS	Online
	Asia Pacific Opportunities Summit	Institutional Capital Advisory	Online
	Post-results non-deal roadshow	China Tonghai Securities	Online
Q2	ICBC 3rd Consumer Corporate Day	ICBC	Online
Q3	Post-results roadshow	Jefferies	Online
	Post-results roadshow	CITIC Securities	Online
	Post-results roadshow	DBS	Online
	Morgan Stanley Twentieth Annual Asia Pacific Summit	Morgan Stanley	Online
Q4	HK/China Consumer 1X1 Forum	JP Morgan	Online
	China Consumer Corporate Day	Citi	Online
	3rd China Consumer Corporate Access Days	Jefferies	Online
	Goldman Sachs – Greater China Consumer & Leisure Corporate Day	Goldman Sachs	Online
	Non-deal roadshow	ICBC	Online
	Morgan Stanley Virtual Hong Kong Summit	Morgan Stanley	Online

Share Register Analysis

Shareholders' Meetings

Shareholders' meetings are held to ensure Shareholders can participate in or appoint proxies to hear from and put questions to Directors regarding the Group's performance, and to vote for resolutions as set out in the AGM Notice. These are proposed at the AGM for consideration and, where appropriate, approval by the Shareholders.

The last Shareholders' meeting was the AGM held at 16th Floor, V Point, No. 18 Tang Lung Street, Causeway Bay, Hong Kong on 15 September 2021, for approval of, among others, the re-election of retiring Directors and the general mandates to issue and purchase shares. Particulars of the major items considered at the AGM are set out in the circular dated 16 July 2021. All proposed ordinary resolutions were passed by way of poll voting at the AGM.

The 2022 AGM will be held at Training Room 1, 8th Floor, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong, 25 August 2022 (Thursday) at 12:30 p.m.

Shareholders' Rights

Shareholders can make a request to convene a general meeting on the written requisition of any two or more Shareholders or on the written requisition of any one Shareholder that is a registered clearing house, provided that such requisitions held as at the date of deposit of the requisition are not less than one-tenth of the paid up capital of the Company. Such percentage of requisitions carries the right of voting at general meetings of the Company, according to the procedures as set out in "How Shareholders Can Convene an Extraordinary General Meeting", which is available on the Company's website for public reference.

Shareholders also have the opportunity to put enquiries to the Board at any general meetings held by the Company. Enquiries may also be made at any time by email to Investor Relations at ir@sasa.com or by writing to 8th Floor, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong.

Towards the end of each general meeting held by the Company, there are opportunities for Shareholders to raise questions or put forward proposals. Shareholders may also contact Investor Relations at ir@sasa.com or by writing to the same address mentioned above if they have proposals they would like the Company to consider at any other time. Shareholders who wish to propose a formal resolution for consideration at the Shareholders' meeting should convene an Extraordinary General Meeting by following the procedures mentioned in the first paragraph of this section.

Shareholding Structure

According to the Company's share registrar, Sa Sa had 1,521 registered shareholders as at 31 March 2022. This number does not include individual Shareholders and corporations that have an indirect interest through intermediaries including custodians and nominees, investment funds and the Central Clearing and Settlement System (CCASS) operated by Hong Kong Securities Clearing Company Limited. If these entities are taken into account, the Company's actual number of Shareholders would be larger.

Our largest beneficial shareholders are Dr KWOK Siu Ming Simon, Chairman and CEO, and Dr KWOK LAW Kwai Chun Eleanor, Vice-chairman, both Executive Directors of the Company, who have a combined shareholding of 64.2%*. The remaining 35.8% of the shares is held by institutional investors across North America, Europe and Asia, and retail investors.

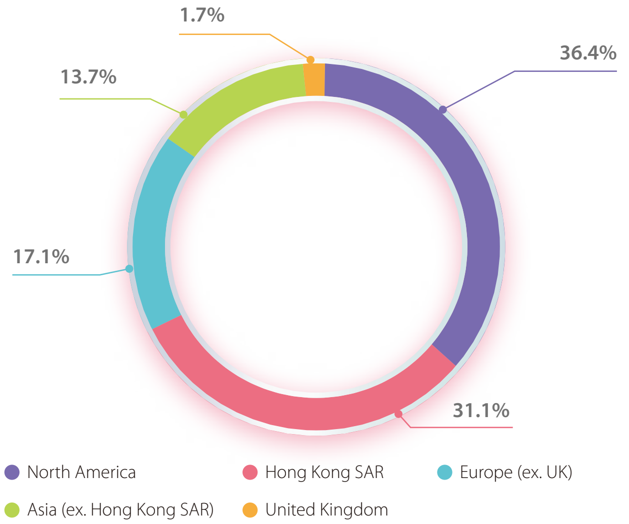
* Please refer to pages 128 to 142 in the "Report of the Directors" of this Annual Report for details of the Directors' and Chief Executive's shareholding interests.

During the year, we engaged NASDAQ Inc. to conduct "Shareholder Identification". This process analysed shares of the Company as at 31 March 2022, representing 99.8% of the total issued capital.

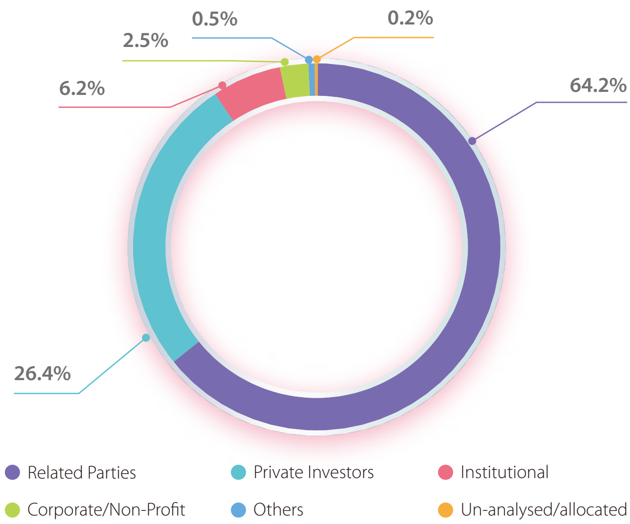
According to NASDAQ Inc.'s report, the Group's institutional shareholder base was composed of firms spanning 16 countries and accounted for 6.2% of the Company's total issued capital as at 31 March 2022, while the low turnover orientation# accounted for 58.8% of the total institutional shareholders.

Average holding period exceeds 24 months.

Institutional Shares by Geography



Total Shareholder Composition



Shareholder Information

Financial Calendar

FY2021/22 interim results announcement	18 November 2021
FY2021/22 annual results announcement	30 June 2022
For determining shareholders' eligibility to attend and vote at AGM Closure of register of members	22–25 August 2022 (both days inclusive)
Record Date for eligibility to attend and vote at AGM	25 August 2022
Annual General Meeting	25 August 2022
FY2022/23 interim results announcement	Mid to late November 2022

Share Listing

First listed on the Stock Exchange of Hong Kong	13 June 1997

Listing and Stock Codes

Ordinary Shares The Stock Exchange of Hong Kong	178
Bloomberg	178 HK Equity
Reuters	0178.HK
ADR Level 1 Programme	SAXJY

Stock Information

Board lot	2,000 shares
Nominal value per share	HK$0.1
Number of ordinary shares issued as at 31 March 2022	3,103,189,458
Public float as at 31 March 2022	Approximately 35.8%

Share Performance

Share Performance	FY2021/22	FY2020/21
Closing price as at 31 March (HK$ per share)	1.39	1.78
Highest price (HK$ per share)	2.29	2.19
Lowest price (HK$ per share)	1.2	1.06
Average daily trading volume (million shares)	7.2	10.2
Average daily trading amount (HK$ million)	13.6	15.3

Market Capitalisation

As at 31 March	Market Capitalisation HK $ Billion
2022	4.3
2021	5.5
2020	3.6
2019	8.3
2018	12.3

Dividend Per Share (HK cents)

Financial Year	Basic Interim	Basic Final	Special Interim	Special Final	Total	Dividend Yield (%)	Dividend Payout Ratio
2021/22	–	–	–	–	–	–	–
2020/21	–	–	–	–	–	–	–
2019/20	–	–	–	–	–	–	–
2018/19	7.00	9.00	–	–	16.00*	6.0	105.2%
2017/18	3.50	11.00	–	3.00	17.50*	4.3	120.7%

* During the year, the final and interim dividends are payable in cash, with a scrip dividend alternative. As an incentive for shareholders to reinvest their dividends into the Company's shares, a 5% discount market price (being the average value of the closing prices of one Share on the Stock Exchange for the five consecutive trading days up to and including the record date) is offered to eligible shareholders who elect to receive the dividends in scrip.

Investor Relations Enquiries and Communications

For enquiries regarding investor relations or corporate information, please contact:

Corporate Communications and Investor Relations Department
Sa Sa International Holdings Limited
8th Floor, Block B, MP Industrial Centre, 18 Ka Yip Street,
Chai Wan, Hong Kong
Investor relations hotline: (852) 2975 3638
Fax: (852) 2595 0797
Email: ir@sasa.com

Shareholders Service and Enquiries

For enquiries about your shareholding including change of name or address, transfer of shares, loss of share certificates or dividend cheques, registrations and requests for annual/interim report copies, please contact the Company's branch share registrar and transfer office:

Tricor Abacus Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com
Website: www.tricoris.com

Shareholders can manage their shareholding online by creating an online Member Account with Tricor Investor Services Centre or use their online Holding Enquiry Services to enquire about holding details, such as company and personal particulars as well as share balances. For details, please visit www.tricoris.com.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2022.

Principal Activities and Segment Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 30 to the consolidated financial statements.

An analysis of the Group's turnover and results for the year by business segments is set out in note 3 to the consolidated financial statements.

Business Review

A fair review of the Group's business is provided in the MD&A section (pages 31 to 39). Description of the principal risks and uncertainties facing the Group can be found under Our Strategy (page 15) and the ERM report (pages 76 to 81). No important event affecting the Group has occurred since the end of the financial year under review. The outlook of the Group's business is discussed under Our Strategy (pages 14 to 15) and the MD&A section (pages 39 to 43). Certain financial key performance indicators which complement and supplement our financial disclosures are set out on pages 22 to 24. An account of the Company's relationships with its stakeholders are set out under Our Strategy (pages 10 to 15). More details regarding the relationship with our employees and discussions on the Group's environmental policies and performance are included in the ESG report. To the extent necessary for an understanding of the development, performance or position of the Company's business, discussions on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company are set out in the CG report.

The above sections form part of the report of the directors.

Results and Appropriations

The results for the year are set out in the consolidated income statement on page 148.

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2021 (2021: Nil). The Board has not recommended the payment of any final dividend for the year ended 31 March 2022 (2021: Nil).

Dividend Policy

The Company has a policy on the payment of dividends, which is set out in the Corporate Governance report on page 75.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last ten financial years is set out on pages 22 to 24 of this Annual Report.

Major Customers and Suppliers

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined and the percentage of sales attributable to the Group's five largest customers combined were both less than 30% of the Group's respective purchases and sales for the year.

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out in notes 26 and 31 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Share Capital

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

Equity-linked Agreements

Save for the Share Option Schemes as set out on pages 129 to 135 of this Annual Report, there was no equity-linked agreement entered into by the Company during the year or subsisted at the end of the year.

Share Options

Share Option Schemes

- **2002 Share Option Scheme**

  A share option scheme was approved by the Shareholders at the AGM held on 29 August 2002 (the "2002 Share Option Scheme"). The 2002 Share Option Scheme was terminated and a new share option scheme was adopted pursuant to resolutions passed by the Shareholders on 23 August 2012 (the "2012 Share Option Scheme"). The 2012 Share Option Scheme became unconditional and effective on 27 August 2012. Upon termination of the 2002 Share Option Scheme, no further options could be granted under it but its provisions continued to govern options granted under this scheme up to and including 23 August 2012. A summary of the 2002 Share Option Scheme is set out below:

  (a) Purpose

  To provide Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

  (b) Participants

  Any directors (including executive, non-executive and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any members of the Group who the Board or a duly authorised committee thereof considers, in its sole discretion, to have contributed to the Group.

  (c) Total number of shares available for issue

  (i) The maximum number of Shares in respect of which options may be granted under the 2002 Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10% of the issued share capital of the Company on 29 August 2002, the date on which the 2002 Share Option Scheme was adopted (the "2002 Scheme Mandate Limit"). Options lapsed in accordance with the terms of the 2002 Share Option Scheme will not be counted for the purpose of calculating the 2002 Scheme Mandate Limit.

  (ii) The 2002 Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10% of the issued share capital of the Company as at the date of approval of the renewal of the 2002 Scheme Mandate Limit. Options previously granted under the 2002 Share Option Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed 2002 Scheme Mandate Limit.

  (iii) The maximum number of Shares in respect of which options may be granted to grantees under the 2002 Share Option Scheme and other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

  (iv) As at 30 June 2022, no further options could be granted under the 2002 Share Option Scheme and all outstanding options granted under this scheme lapsed on 29 June 2022.

Share Options (continued)

Share Option Schemes (continued)

- **2002 Share Option Scheme (continued)**

(d) Maximum entitlement of each participant

The maximum number of Shares in respect of which options may be granted under the 2002 Share Option Scheme to a specifically identified single grantee shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1% of the shares of the Company in issue.

The Company may grant options beyond the said individual limit to a Participant if (i) the Company has first sent a circular to Shareholders containing the identity of the Participant in question, the number and terms of the options granted and to be granted and other relevant information as required under the Listing Rules; and (ii) separate Shareholder's approval has been obtained.

(e) Option period

The period within which the Shares must be taken up under an option shall be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the date of grant of the relevant option.

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

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board at its absolute discretion. The 2002 Share Option Scheme itself does not specify any minimum holding period.

(g) Consideration on acceptance of the option

HK$1.00 is required to be paid by the grantee to the Company on acceptance of the option offer as consideration.

(h) Basis of determining the subscription price

The subscription price shall be determined by the Board at its absolute discretion but in any event shall not be less than the higher of:

(i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share of the Company.

(i) Remaining life of the 2002 Share Option Scheme

The 2002 Share Option Scheme was terminated pursuant to resolutions passed by the Shareholders at the annual general meeting held on 23 August 2012.

Share Options (continued)

Share Option Schemes (continued)

- **2002 Share Option Scheme (continued)**

  Details of the share options granted under the 2002 Share Option Scheme and their movements during the year are set out below:

Name	Date of grant	Subscription price per Share (HK$)	Exercise period	Number of Share Options: Outstanding as at 1 April 2021	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2022
Directors								
Dr LOOK Guy	1 Mar 2012	4.77	28 Feb 2014 to 28 Feb 2022	4,690,998	–	–	(4,690,998)	–
			28 Feb 2015 to 28 Feb 2022	4,690,998	–	–	(4,690,998)	–
			1 Sep 2013 to 28 Feb 2022 [(1)]	3,381,996	–	–	(3,381,996)	–
			1 Sep 2014 to 28 Feb 2022 [(1)]	4,690,998	–	–	(4,690,998)	–
			25 Jun 2015 to 28 Feb 2022 [(1)]	4,690,998	–	–	(4,690,998)	–
Ms KWOK Sze Wai Melody	17 Jun 2011	4.95	17 Jun 2014 to 16 Jun 2021	50,000	–	–	(50,000)	–
	29 Jun 2012	4.85	29 Jun 2015 to 28 Jun 2022	70,000	–	–	–	70,000
Employees	17 Jun 2011	4.95	17 Jun 2014 to 16 Jun 2021 [(3)]	1,394,000	–	–	(1,394,000)	–
			17 Jun 2014 to 16 Jun 2021 [(2)]	40,000	–	–	(40,000)	–
			17 Jun 2014 to 16 Jun 2021 [(4)]	40,000	–	–	(40,000)	–
			17 Jun 2014 to 16 Jun 2021 [(5)]	50,000	–	–	(50,000)	–
	29 Jun 2012 [(6)]	4.85	29 Jun 2015 to 28 Jun 2022	2,164,000	–	–	(232,000)	1,932,000
			29 Jun 2015 to 28 Jun 2022 [(2)]	40,000	–	–	–	40,000
			29 Jun 2015 to 28 Jun 2022 [(4)]	50,000	–	–	–	50,000
			29 Jun 2015 to 28 Jun 2022 [(5)]	120,000	–	–	–	120,000
			29 Jun 2015 to 28 Jun 2022 [(7)]	200,000	–	–	–	200,000
				26,363,988	–	–	(23,951,988)	2,412,000

There are no share options cancelled during the year.

The vesting period of all the outstanding share options and share options granted is the period beginning on the date of grant and ending on the date immediately before commencement of the exercise period.

Share Options (continued)

Share Option Schemes (continued)

- **2002 Share Option Scheme (continued)**

  Notes:

  (1) The exercise of the share options is subject to certain performance targets that must be achieved by the director. The share options shall be exercised by the director not later than 28 February 2022.

  (2) The grantee, Ms KWOK Lai Kwan Anna, is an associate of the chief executive and directors of the Company.

  (3) On 17 June 2011, the Company granted share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group.

  (4) The grantee, Mr KWOK Siu Hung Vincent, is an associate of the chief executive and directors of the Company.

  (5) The grantee, Ms KWOK Sea Nga Kitty, is an associate of the chief executive and directors of the Company.

  (6) On 29 June 2012, the Company granted 7,567,000 share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group. The exercise of 150,000 share options out of the outstanding balance of 2,342,000 share options as at 31 March 2022 is subject to certain performance targets that must be achieved by the related employees.

  (7) The grantee, Mr LAW Kin Ming Peter, is an associate of the chief executive and directors of the Company.

- **2012 Share Option Scheme**

  The 2012 Share Option Scheme was adopted on 23 August 2012 and became unconditional and effective on 27 August 2012. A summary of the 2012 Share Option Scheme is set out below:

  (a) Purpose

  To provide Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

  (b) Participants

  Any directors (including executive, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any members of the Group whom the Board or a duly authorised committee thereof considers, in its sole discretion, to have contributed to the Group.

Share Options (continued)

Share Option Schemes (continued)

- **2012 Share Option Scheme (continued)**

(c) Total number of shares available for issue

(i) The maximum number of Shares in respect of which options may be granted under the 2012 Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10% in nominal amount of the issued share capital of the Company on 23 August 2012, the date on which the 2012 Share Option Scheme was adopted (the "2012 Scheme Mandate Limit"). Option lapsed in accordance with the terms of the 2012 Share Option Scheme will not be counted for the purpose of calculating the 2012 Scheme Mandate Limit.

(ii) The 2012 Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10% of the issued share capital of the Company as at the date of approval of the renewal of the 2012 Scheme Mandate Limit. Option previously granted under the 2012 Share Option Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed 2012 Scheme Mandate Limit.

(iii) The maximum number of Shares in respect of which options may be granted to grantees under the 2012 Share Option Scheme and other share option schemes of the Company shall not exceed 30% in nominal amount of the issued share capital of the Company from time to time.

(iv) As at 30 June 2022, 282,175,006 Shares were available for issue under the 2012 Share Option Scheme and the total number of shares which may be issued upon exercise of all options to be granted under the scheme was 278,616,006 Shares, which represented 9.09% and 8.98% respectively of the total issued share capital of the Company at that date.

(d) Maximum entitlement of each participant

The maximum number of Shares in respect of which options may be granted under the 2012 Share Option Scheme to a specifically identified single Participant shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company and including exercised, cancelled and outstanding options) in any 12-month period exceed 1% of the shares of the Company in issue.

The Company may grant options beyond the said individual limit to Participants if (i) the Company has first sent a circular to Shareholders containing the identity of the Participant in question, the number and terms of the options to be granted (and options previously granted to such Participant) and other relevant information as required under the Listing Rules; and (ii) separate Shareholders' approval has been obtained in general meeting with the proposed Participant and his associates abstaining from voting.

(e) Option period

The period within which the Shares must be taken up under an option shall be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the date of grant of the relevant option.

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

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board at its absolute discretion. The 2012 Share Option Scheme itself does not specify any minimum holding period.

(g) Consideration on acceptance of the option

HK$1.00 is required to be paid by the grantee to the Company on acceptance of the option offer as consideration.

Share Options (continued)

Share Option Schemes (continued)

- **2012 Share Option Scheme (continued)**

(h) Basis of determining the subscription price

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

(i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; or

(iii) the nominal value of a share of the Company.

(i) Remaining life of the 2012 Share Option Scheme

The 2012 Share option Scheme shall be valid and effective for a period of 10 years commencing on 27 August 2012, the date on which it became unconditional and will expire on 26 August 2022.

Details of the share options granted under the 2012 Share Option Scheme and their movements during the year are set out below:

				Number of Share Options				
Name	Date of grant	Subscription price per Share (HK$)	Exercise period	Outstanding as at 1 April 2021	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2022
Directors								
Ms KWOK Sze Wai Melody	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023	50,000	–	–	–	50,000
Ms LEE Yun Chun Marie-Christine	13 Apr 2018	4.65	13 Apr 2020 to 12 Apr 2028	100,000	–	–	–	100,000
Ms KI Man Fung Leonie	13 Apr 2018	4.65	13 Apr 2020 to 12 Apr 2028	100,000	–	–	–	100,000
Mr TAN Wee Seng	13 Apr 2018	4.65	13 Apr 2020 to 12 Apr 2028	100,000	–	–	–	100,000
Employees	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023[1]	3,394,000	–	–	(469,000)	2,925,000
			21 Jun 2016 to 20 Jun 2023[2]	50,000	–	–	–	50,000
			21 Jun 2016 to 20 Jun 2023[3]	20,000	–	–	(20,000)	–
			21 Jun 2016 to 20 Jun 2023[4]	100,000	–	–	–	100,000
			21 Jun 2016 to 20 Jun 2023[5]	50,000	–	–	–	50,000
			21 Jun 2016 to 20 Jun 2023[6]	20,000	–	–	–	20,000
			21 Jun 2016 to 20 Jun 2023[7]	120,000	–	–	–	120,000
				4,104,000	–	–	(489,000)	3,615,000

There are no share options cancelled during the period.

The vesting period of all the outstanding share options and share options granted is the period beginning on the date of grant and ending on the date immediately before commencement of the exercise period.

Share Options (continued)

Share Option Schemes (continued)

- **2012 Share Option Scheme (continued)**

Notes:

(1) On 21 June 2013, the Company granted share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group.

(2) The grantee, Ms KWOK Lai Kwan Anna, is an associate of the chief executive and directors of the Company.

(3) The grantee, Ms KWOK Lai Ying Ann, is an associate of the chief executive and directors of the Company.

(4) The grantee, Ms KWOK Sea Nga Kitty, is an associate of the chief executive and directors of the Company.

(5) The grantee, Mr KWOK Siu Hung Vincent, is an associate of the chief executive and directors of the Company.

(6) The grantee, Mr KWOK Siu Keung Paul, is an associate of the chief executive and directors of the Company.

(7) The grantee, Mr LAW Kin Ming Peter, is an associate of the chief executive and directors of the Company.

Share Award Scheme

The share award scheme was adopted by the Board on 11 April 2014 (the "Share Award Scheme"). Under the Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any eligible employees as selected employees and grant awarded Shares to them at no consideration. The awarded Shares are acquired by the independent trustee, at the costs of the Company, and held under a trust on and subject to, among others, the terms and conditions of the Share Award Scheme. Awarded Shares will be vested in the selected employees according to the terms of grant determined by the Board.

As at 31 March 2022, a total of 6,782,000 awarded Shares had been granted pursuant to the Share Award Scheme, out of which 345,000 awarded Shares remained unvested. During the year, a total of 15,000 awarded Shares lapsed and remained part of the trust fund under the Share Award Scheme. A summary of the Share Award Scheme is set out below:

(a) Purpose

The purposes of the Share Award Scheme are: (a) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.

(b) Administration

The Share Award Scheme may be subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed.

(c) Duration

Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the Share Award Scheme shall be valid and effective for a term of 15 years commencing from 11 April 2014, the date on which the Share Award Scheme was adopted.

Share Award Scheme (continued)

(d) Maximum limit

The maximum number of Shares which may be granted under the Share Award Scheme shall not exceed 5% of the total issued Shares from time to time. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme within a period of 12 months shall not exceed 1% of the total issued Shares from time to time.

(e) Operation

The Board may, from time to time, at its sole and absolute discretion, select any employee, other than the excluded employee (as defined in the Share Award Scheme), as a selected employee for participation in the Share Award Scheme. In determining the number of Shares to be awarded to a selected employee, the Board may take into consideration the rank and performance of the relevant selected employee. The Board may impose any conditions (including a period of continued service with a specified member of the Group after the date on which an award is made by the Board) as it deems appropriate in its absolute discretion with respect to the entitlement of a selected employee to the awarded Shares.

No award shall be made and no instructions to acquire Shares shall be given to the trustee under the Share Award Scheme where any director of the Company possesses unpublished price sensitive or inside information in relation to the Group or the Shares or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

The Board shall from time to time cause to be paid funds out of the Group's resources to the trustee sufficient for the acquisition of the awarded Shares. The trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. The Shares so purchased and any balance of the funds after completion of the purchase shall also form part of the trust fund.

(f) Vesting and lapse

A selected employee shall be entitled to receive the awarded Shares vested in him in accordance with the vesting schedule (if any) and subject to the selected employee having satisfied all vesting conditions (if any) specified by the Board at the time of making the award. Vesting of the Shares will be conditional on the selected employee remaining an employee of the Group as provided in the scheme rules on the relevant vesting dates.

An award may lapse on occurrence on certain events under the Share Award Scheme. The events include, among other things, where a selected employee ceases to be an eligible employee at any time before the vesting date by reason of termination of his employment or engagement summarily by the Group as an employer, his resignation or his retirement (unless his contract of employment or engagement with the Group is renewed or he is re-engaged under a new contract of employment with the Group). If a selected employee dies prior to a vesting date, all the awarded Shares shall be deemed to be vested on the day immediately prior to his/her death.

If a selected employee is found to be an excluded employee or fails to return duly executed transfer documents for the relevant Shares awarded within the stipulated period, the relevant part of an award made to such selected employee will automatically lapse forthwith. The relevant Shares awarded shall not vest on the relevant vesting date but shall be held in the Trust fund for making other awards under the Share Award Scheme. If there occurs an event of change in control of the Company, or the Company's subsidiary employing the selected employee ceases to be a subsidiary of the Company, the vesting of all awarded Shares shall accelerate in accordance with the rules of the Share Award Scheme.

The trustee shall hold any awarded Shares which have lapsed, forfeited or failed to vest in the relevant selected employees as part of the trust fund exclusively for the benefit of all or one or more of the selected employees (excluding any excluded employee). The Board may in its discretion make awards out of such Shares in accordance with the trust and the Share Award Scheme.

Share Award Scheme (continued)

(g) Voting rights

The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust.

(h) Termination

The Share Award Scheme shall terminate on the earlier of the fifteenth (15th) anniversary date of 11 April 2014, the date on which the Share Award Scheme was adopted or such date of early termination as determined by the Board. Upon termination, no further grant of awarded Shares may be made.

Details of the awarded Shares granted under the Share Award Scheme and their movements during the year are set out below:

				Number of awarded Shares				
Name	Date of award	Average fair value per Share (HK$)	Vesting period*	Outstanding as at 1 April 2021	Awarded during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 March 2022
Employees	29 Jun 2018	4.98	29 Jun 2018 to 23 May 2021	15,000	–	(15,000)	–	–
	21 Jun 2019	2.25	21 Jun 2019 to 30 Jun 2022	200,000	–	(75,000)	–	125,000
	30 Sep 2019	1.74	30 Sep 2019 to 26 Mar 2022	60,000	–	(45,000)	(15,000)	–
	9 Oct 2020	1.31	9 Oct 2020 to 30 Sep 2023	180,000	–	(50,000)	–	130,000
	16 Dec 2021	1.68	16 Dec 2021 to 17 Nov 2023	–	100,000	(25,000)	–	75,000
	9 Mar 2022	1.30	9 Mar 2022 to 21 Feb 2023	–	30,000	(15,000)	–	15,000
				455,000	130,000	(225,000)	(15,000)	345,000

* The period during which all the specified vesting conditions of the awarded Shares are to be satisfied.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the laws in the Cayman Islands where the Company was incorporated.

Buy-back, Sale or Redemption of Shares

During the year, there was no buy-back, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 March 2022 are set out in note 30 to the consolidated financial statements.

Capitalised Interest

No interest was capitalised by the Group during the year (2021: Nil).

Distributable Reserves

As at 31 March 2022, the reserves of the Company available for distribution amounted to HK$1,845,151,000 (2021: HK$1,810,348,000).

Donations

The Group made donations during the year totalling HK$1,987,000 (2021: HK$1,809,000).

Directors

The Directors who held office during the year were:

Executive Directors

Dr KWOK Siu Ming Simon, *SBS, JP* (Chairman and CEO)

- date of appointment as a director: 3 December 1996*
- date of last re-election in AGM as a director: 27 August 2020

Dr KWOK LAW Kwai Chun Eleanor, *BBS, JP* (Vice-chairman)

- date of appointment as a director: 3 December 1996*
- date of last re-election in AGM as a director: 27 August 2020

Dr LOOK Guy (CFO)

- date of appointment as a director: 10 September 2002*
- date of last re-election in AGM as a director: 15 September 2021

Ms KWOK Sze Wai Melody, *MH*

- date of appointment as a director: 2 September 2019*
- date of last re-election in AGM as a director: 27 August 2020

Non-executive Director

Ms LEE Yun Chun Marie-Christine

- date of appointment as a director: 26 February 2013
- date of last re-election in AGM as a director: 27 August 2020
- term of directorship: three years commencing on 22 August 2019*

Independent Non-executive Directors

Ms KI Man Fung Leonie, *GBS, SBS, JP*

- date of appointment as a director: 15 December 2006
- date of last re-election in AGM as a director: 15 September 2021
- term of directorship: three years commencing on 15 December 2021*

Mr TAN Wee Seng

- date of appointment as a director: 11 March 2010
- date of last re-election in AGM as a director: 15 September 2021
- term of directorship: three years commencing on 26 August 2019*

Mr CHAN Hiu Fung Nicholas, *MH, JP*

- date of appointment as a director: 2 September 2019
- date of last re-election in AGM as a director: 27 August 2020
- term of directorship: three years commencing on 27 August 2020*

Mr HO Danny Wing Fi was appointed as an executive director of the Company with effect from 30 June 2022. In accordance with Article 99 of the articles of association of the Company, he may hold office only until the first AGM after his appointment. He is eligible and will stand for re-election by the shareholders at the forthcoming AGM to be held on 25 August 2022. Pursuant to Article 116 of the articles of association of the Company, Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Ms LEE Yun Chun Marie-Christine will retire by rotation at the forthcoming AGM and all being eligible will offer themselves for re-election.

* Subject to the provisions on rotation and retirement in the articles of association of the Company.

Confirmation of Independence from INEDs

The Company has received a written confirmation from each INED of his/her independence pursuant to Rule 3.13 of the Listing rules which has been reviewed by the Nomination Committee. Both the Nomination Committee and the Board consider all INEDs to be independent throughout the year and that they remain so as at the date of this Annual Report.

Directors' Service Contracts

None of the directors offering themselves for re-election at the forthcoming AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Contracts of Significance

A revolving loan facility of up to HK$200,000,000 was made available to the Group on 31 March 2022 by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, executive directors and controlling shareholders of the Company (please see the announcement dated 31 March 2022 published by the Company for details). No other transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any director of the Company or his/her connected entity is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

Indemnification of Directors

The articles of association of the Company provide that directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted. All Directors have the benefit of directors' and officers' liability insurance. The Company has taken out and maintained director's and officers' liability insurance throughout the year.

Biographical Details of Directors and Senior Management

The updated biographical information of the Directors and senior management are set out on pages 45 to 51 of this Annual Report.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(I) Long position in the Shares, Underlying Shares and Debentures of the Company

	Number of Shares in the Company					
Name of Director	Personal interests	Family interests	Corporate interests	Derivatives interests	Total interests	Approximate percentage of the Shares in issue[1]
Dr KWOK Siu Ming Simon	40,728,000	–	1,946,734,297[2]	–	1,987,462,297	64.0458%
Dr KWOK LAW Kwai Chun Eleanor	–	40,728,000	1,946,734,297[2]	–	1,987,462,297	64.0458%
Dr LOOK Guy	450,000	–	–	–	450,000	0.0145%
Ms KWOK Sze Wai Melody	110,000	6,000	–	120,000[3]	236,000	0.0076%
Ms LEE Yun Chun Marie-Christine	–	–	–	100,000[4]	100,000	0.0032%
Ms KI Man Fung Leonie	–	–	–	100,000[4]	100,000	0.0032%
Mr TAN Wee Seng	–	–	–	100,000[4]	100,000	0.0032%

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

(I) Long position in the Shares, Underlying Shares and Debentures of the Company (continued)

Notes:

(1) Based on 3,103,189,458 Shares in issue as at 31 March 2022.

(2) These Shares are held as to 1,506,926,594 Shares by Sunrise Height incorporated, as to 438,407,703 Shares by Green Ravine Limited and as to 1,400,000 Shares by Million Fidelity international Limited. All these companies are owned as to 50% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor.

(3) Details of Ms KWOK Sze Wai Melody's derivatives interests in the shares of the Company for the year ended 31 March 2022 are disclosed in the share options section on pages 131 & 134 of this report.

(4) Details of the derivatives interests in the shares of the Company of the non-executive directors (including INEDs) for the year ended 31 March 2022 are disclosed in the share options section on page 134 of this report.

(II) Long Position in the Shares, Underlying Shares and Debentures of Associated Corporations

Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor are each taken to be interested in all the issued non-voting deferred shares (the "Deferred Shares") of Base Sun investment Limited ("Base Sun"), Matford trading Limited ("Matford"), Sa Sa Cosmetic Company Limited and Sa Sa Investment (HK) Limited, all of which are wholly-owned subsidiaries of the Company. Details of interests in the Deferred Shares as at 31 March 2022 are set out below:

	Dr KWOK Siu Ming Simon: Number of Deferred Shares in associated corporation					
Name of associated corporation	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Percentage of shareholding to all the Deferred Shares of associate corporation
Base Sun Investment Limited	–	–	2[(1)]	–	2	100%
Matford Trading Limited	3[(2)]	–	–	–	3	50%
Sa Sa Cosmetic Company Limited	1	–	–	–	1	50%
Sa Sa Investment (HK) Limited	1	–	–	–	1	50%

	Dr KWOK LAW Kwai Chun Eleanor: Number of Deferred Shares in associated corporation					
Name of associated corporation	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Percentage of shareholding to all the Deferred Shares of associate corporation
Base Sun Investment Limited	–	–	2[(1)]	–	2	100%
Matford Trading Limited	3[(3)]	–	–	–	3	50%
Sa Sa Cosmetic Company Limited	1	–	–	–	1	50%
Sa Sa Investment (HK) Limited	1	–	–	–	1	50%

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

(II) Long Position in the Shares, Underlying Shares and Debentures of Associated Corporations (continued)

Notes:

(1) Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor together hold two Deferred Shares in Base Sun through Win Win Group International Limited ("Win Win") and Modern Capital Investment Limited ("Modern Capital"). Win Win and Modern Capital are companies beneficially owned as to 50% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor and each of Win Win and Modern Capital holds one Deferred Share in Base Sun.

(2) Dr KWOK Siu Ming Simon holds three Deferred Shares in Matford through Mr YUNG Leung Wai Tony who acts as a nominee shareholder.

(3) Dr KWOK LAW Kwai Chun Eleanor holds three Deferred Shares in Matford through Ms KWOK Lai Yee Mabel who acts as a nominee shareholder.

Save as disclosed above, no director or chief executive of the Company has any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Benefits from Rights to Acquire Shares or Debentures

Save as disclosed under the share options section on pages 131 and 134, at no time during the year was the Company or its subsidiaries, a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

Interests and Short Positions in Shares and Underlying Shares of Substantial Shareholders

As at 31 March 2022, Shareholders, other than a director or chief executive of the Company, who had interests and short positions in the Shares and underlying Shares of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO are as follows:

Long Position of Substantial Shareholders in the Shares

Name of company	Capacity	No. of Shares held	Approximate percentage shareholding[1]
Sunrise Height Incorporated[2]	Beneficial owner	1,506,926,594	48.56%
Green Ravine Limited[2]	Beneficial owner	438,407,703	14.13%

Notes:

(1) Based on 3,103,189,458 Shares in issue as at 31 March 2022.

(2) Both Sunrise Height incorporated and Green Ravine Limited are owned as to 50% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor.

Interests and Short Positions in Shares and Underlying Shares of Other Persons

As at 31 March 2022, the Company has not been notified of any persons (other than the directors or chief executives or substantial shareholders of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

Management Contracts

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

Related Party Transaction

The transactions with related parties disclosed in note 29 to the consolidated financial statements do not constitute discloseable connected transaction under the Listing rules.

Connected Transactions

During the year, there were no connected transactions or continuing connected transactions that were not fully exempted from shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

Specific Performance Obligation on Controlling Shareholder

As disclosed in the Company's announcement dated 7 August 2020, Sa Sa Cosmetic Company Limited (an indirect wholly-owned subsidiary of the Company) as borrower obtained general banking facilities from a bank to finance the working capital requirements of the Group. Such banking facilities are provided by way of two revolving loan facilities up to an aggregate amount of HK$80,000,000 with no specific tenor, which may be modified, cancelled or suspended at any time without prior notice at the bank's sole discretion.

It is a condition of the banking facilities, among others, that Dr KWOK Siu Ming Simon and/or his family members shall maintain (whether directly or indirectly) not less than 51% shareholding of the Company, and Dr KWOK Siu Ming Simon shall remain as chairman of the Board.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total issued share capital of the Company is held by the public as at the date of this report.

Auditor

The financial statements for the year have been audited by PwC who retired and, being eligible, offered itself for re-appointment. A resolution to re-appoint it and to authorise the Directors to fix its remuneration will be proposed for approval at the forthcoming AGM.

On behalf of the Board

KWOK Siu Ming Simon
Chairman and CEO
Hong Kong, 30 June 2022

羅兵咸永道

To the Shareholders of Sa Sa International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Sa Sa International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 148 to 209, comprise:

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Impairment of retail store assets
- Provision for inventory

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of retail store assets	
Refer to Notes 13 and 14 to the consolidated financial statements The Group had HK$202.1 million and HK$344.8 million of property, plant and equipment and right-of-use assets as at 31 March 2022 respectively, of which approximately HK$43.6 million and HK$331.3 million were attributable to its retail stores respectively. The carrying amounts of the retail store assets are written down to their recoverable amounts if the assets' carrying amounts are greater than their estimated recoverable amounts. Management regards each individual retail store as a separately identifiable cash-generating unit and monitors their financial performance for the existence of impairment indicators. As a result of the COVID-19 pandemic, which is considered to be a triggering event for impairment assessment, it may adversely impact the recoverable amounts of the retail store assets. As a result of the impairment assessment, an impairment of retail store assets of HK$87.0 million has been recognised in the consolidated income statement for the year. The recoverable amount is the higher of the asset's fair value less cost of disposal and its value-in-use. Management determines that the recoverable amount of the assets of the retail stores by value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenure of the lease, with major assumptions such as revenue growth rate, percentage change of running costs and gross profit margin. We focused on this area because the estimation of recoverable amounts of the relevant retail store assets is subject to high degree of estimation uncertainty. The inherent risk in relation to impairment of retail store assets is considered significant due to the subjectivity of major assumptions used in determining the recoverable amounts of the relevant retail store assets.	We evaluated and tested the impairment assessment of the property, plant and equipment and right-of-use assets of the retail stores by performing the following procedures: – understood the management's internal control in respect of the assessment of the recoverable amount of retail store assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as significant judgement and estimation involved in determining recoverable amount of retail store assets; – compared prior year's forecast with actual performance of the current year and made enquiries for the reasons of any significant variations identified; – enquired of management in relation to key assumptions in their business plan and evaluated the key assumptions (such as revenue growth rate, percentage change of running costs and gross profit margin) applied by comparing them to historical information and our understanding of latest market information and conditions; – recomputed the impairment loss calculation; and – evaluated the sensitivity analysis to ascertain the extent of change in the key assumptions either individually or collectively that would result in the retail store assets being impaired and also considered the likelihood of such a change in the key assumptions arising. Based on our work performed, we found the impairment of retail store assets made by management to be supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for inventory Refer to Note 17 to the consolidated financial statements The Group had net inventories of HK$747.9 million as at 31 March 2022, which represented approximately 35.8% of the Group's total assets. The Group is engaged in the retailing and wholesaling of cosmetic products and is subject to changing market trends and competitor actions. In current year, the retail operation was also adversely affected by the COVID-19 pandemic. Management's judgement is required for assessing the appropriate level of inventory provision in light of the current challenging retail environment. The Group estimates the provision for inventory based on the inventory turnover days and sales performance of individual stock keeping units ("SKU") and makes specific provision for near-expiry and slow-moving inventory by SKU, taking into consideration of the recent market conditions under the impact of the COVID-19 pandemic, sales strategy, goods return arrangement with suppliers, and marketability of inventories. The Group also estimates the shrinkage provision with reference to the level of inventory loss in current year. We focused on this area because of the magnitude of the inventories and the estimation of the provision of inventories involved a high level of management's judgement.	We evaluated and tested the provision for inventory by performing the following procedures: – obtained an understanding of the management's internal control and assessment process of the provision for inventory and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – evaluated management's basis for the inventory provision and the outcome of management's estimations, analysis made by management and methodology applied to identify slow moving and obsolete SKU; – evaluated the estimates made by management by discussing with management on the latest market trend, the Group's sales strategy, goods return arrangement with suppliers, historical sales performance, and marketability of inventories; – compared the level of inventories written-off during the year with the provision made in prior year. We also compared the shrinkage provision with the actual inventory loss for the past year; – tested system generated summary report of inventory provision and performed a recalculation, on a sample basis, of the inventory provision made on individual SKU; and – evaluated the net realisable value on a sample basis, by comparing the actual selling prices subsequent to the year end, to their carrying amounts at the year end. Based on the procedures performed, we consider management's judgement and estimates in the assessment of the provision for inventory, to be supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is 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. We report our opinion solely to you, as a body 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chung Kit Yi, Kitty.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 June 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

	Note	**2022 HK$'000**	2021 HK$'000
Continuing operations			
Turnover	2	**3,412,727**	3,043,029
Cost of sales	5	**(2,152,181)**	(1,991,198)
Gross profit		**1,260,546**	1,051,831
Other income	2	**52,235**	142,343
Selling and distribution costs	5	**(1,323,946)**	(1,325,402)
Administrative expenses	5	**(249,191)**	(208,533)
Impairment of right-of-use assets and property, plant and equipment	13 & 14	**(86,978)**	(57,679)
Other gains – net	4	**19,238**	5,959
Operating loss		**(328,096)**	(391,481)
Finance income	8	**3,049**	6,449
Finance costs	8	**(11,778)**	(16,449)
Loss before income tax		**(336,825)**	(401,481)
Income tax (expense)/credit	9	**(6,907)**	42,183
Loss for the year from continuing operations		**(343,732)**	(359,298)
Profit for the year from discontinued operation	10	**–**	7,930
Loss for the year attributable to owners of the Company		**(343,732)**	(351,368)
Loss per share for loss from continuing operations attributable to owners of the Company for the year (expressed in HK cents per share)			
Basic	11	**(11.1)**	(11.6)
Diluted	11	**(11.1)**	(11.6)
Loss per share for loss attributable to owners of the Company for the year (expressed in HK cents per share)			
Basic	11	**(11.1)**	(11.3)
Diluted	11	**(11.1)**	(11.3)

The notes and disclosures on pages 154 to 209 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Loss for the year		**(343,732)**	(351,368)
Other comprehensive (loss)/income			
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on retirement benefit obligations	24 (b)	**(7,510)**	(105)
Items that may be reclassified to profit or loss			
Cash flow hedges, net of tax		**–**	20
Currency translation differences of foreign subsidiaries recorded in translation reserve		**3,303**	16,083
Other comprehensive (loss)/income for the year, net of tax		**(4,207)**	15,998
Total comprehensive loss for the year attributable to owners of the Company		**(347,939)**	(335,370)
Total comprehensive (loss)/income for the year attributable to owners of the Company arises from:			
Continuing operations		**(347,939)**	(342,813)
Discontinued operation	10	**–**	7,443
		(347,939)	(335,370)

The notes and disclosures on pages 154 to 209 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**202,138**	246,714
Right-of-use assets	14	**344,752**	457,242
Rental deposits and other assets	15	**86,380**	74,899
Deferred tax assets	16	**145,145**	149,822
		778,415	928,677
Current assets			
Inventories	17	**747,946**	766,107
Trade receivables	18	**73,214**	76,972
Other receivables, deposits and prepayments	19	**180,129**	202,095
Time deposits	20	**241**	21,012
Cash and cash equivalents	20	**296,478**	505,392
Income tax recoverable		**10,400**	10,627
		1,308,408	1,582,205
LIABILITIES			
Current liabilities			
Trade payables	21	**279,179**	290,230
Other payables and accruals	22	**212,466**	201,352
Borrowings	23	**102,484**	–
Lease liabilities	14	**251,561**	349,603
Income tax payable		**9,021**	9,469
		854,711	850,654
Net current assets		**453,697**	731,551
Total assets less current liabilities		**1,232,112**	1,660,228
Non-current liabilities			
Other payables		**19,522**	28,584
Lease liabilities	14	**219,949**	299,513
Retirement benefit obligations	24	**9,532**	1,864
Deferred tax liabilities	16	**201**	124
		249,204	330,085
Net assets		**982,908**	1,330,143

	Note	2022 HK$'000	2021 HK$'000
EQUITY			
Capital and reserves			
Share capital	25	**310,319**	310,319
Reserves	26	**672,589**	1,019,824
Total equity		**982,908**	1,330,143

The consolidated financial statements on pages 148 to 209 were approved by the Board on 30 June 2022 and were signed on its behalf.

KWOK Siu Ming Simon
Chairman and CEO

KWOK LAW Kwai Chun Eleanor
Vice-chairman

The notes and disclosures on pages 154 to 209 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Note	Attributable to owners of the Company		
		Share capital HK$'000	**Reserves HK$'000**	**Total HK$'000**
Balance at 1 April 2021		**310,319**	**1,019,824**	**1,330,143**
Loss for the year		**–**	**(343,732)**	**(343,732)**
Other comprehensive loss:				
Actuarial loss on retirement benefit obligations		**–**	**(7,510)**	**(7,510)**
Currency translation differences of foreign subsidiaries recorded in translation reserve		**–**	**3,303**	**3,303**
Total comprehensive loss for the year		**–**	**(347,939)**	**(347,939)**
Share award scheme:				
Value of employee services	25 & 26	**–**	**324**	**324**
Unclaimed dividends forfeited	26	**–**	**380**	**380**
Total transactions with owners, recognised directly in equity		**–**	**704**	**704**
Balance at 31 March 2022		**310,319**	**672,589**	**982,908**

	Note	Attributable to owners of the Company		
		Share capital HK$'000	Reserves HK$'000	Total HK$'000
Balance of 1 April 2020		310,319	1,353,993	1,664,312
Loss for the year		–	(351,368)	(351,368)
Other comprehensive income:				
Actuarial loss on retirement benefit obligations		–	(105)	(105)
Cash flow hedges, net of tax		–	20	20
Currency translation differences of foreign subsidiaries recorded in translation reserve		–	16,083	16,083
Total comprehensive loss for the year		–	(335,370)	(335,370)
Share award scheme:				
Value of employee services	25 & 26	–	773	773
Employee share option scheme:				
Value of employee services	25 & 26	–	8	8
Unclaimed dividends forfeited	26	–	420	420
Total transactions with owners, recognised directly in equity		–	1,201	1,201
Balance at 31 March 2021		310,319	1,019,824	1,330,143

The notes and disclosures on pages 154 to 209 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**127,426**	569,106
Hong Kong profits tax paid		**(1,695)**	(2,244)
Overseas tax paid		**(755)**	(18,775)
Net cash generated from operating activities		**124,976**	548,087
Cash flows from investing activities			
Purchase of property, plant and equipment		**(59,907)**	(47,899)
Payment for acquisition of right-of-use assets		**–**	(121)
Proceeds from disposal of property, plant and equipment	27(b)	**1**	218
Decrease in time deposits		**20,771**	61,110
Interest received		**1,903**	5,344
Net cash (used in)/generated from investing activities		**(37,232)**	18,652
Cash flows from financing activities			
Payment for lease liabilities (including interest)	14(b)	**(399,694)**	(627,863)
Loan interest payment		**(252)**	–
Unclaimed dividends forfeited		**380**	420
Proceeds from borrowings	27(c)	**214,906**	–
Repayment of borrowings	27(c)	**(112,422)**	–
Net cash used in financing activities		**(297,082)**	(627,443)
Net decrease in cash and cash equivalents		**(209,338)**	(60,704)
Cash and cash equivalents at beginning of year		**505,392**	559,381
Effect of foreign exchange rate changes		**424**	6,715
Cash and cash equivalents at end of year	20	**296,478**	505,392

The notes and disclosures on pages 154 to 209 are an integral part of these consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

Apart from the accounting policies presented within the corresponding notes to the consolidated financial statements, other significant accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

Sa Sa International Holdings Limited (the "Company") and its subsidiaries are collectively referred as the Group in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, which are carried at fair value.

The Group had a loss from continuing operations of HK$343,732,000 (2021: HK$359,298,000) for the year ended 31 March 2022. The Group had an operating cash inflow of HK$124,976,000 (2021: HK$548,087,000), but if including the payment of lease liabilities (including interest) of HK$399,694,000 (2021: HK$627,863,000), there was cash outflow of HK$274,718,000 (2021: HK$79,776,000) during the year ended 31 March 2022.

The Group's cash and bank balances was HK$296,719,000 (2021: HK$526,404,000) and bank borrowings was HK$102,484,000 (2021: Nil) as at 31 March 2022. The Group's readily undrawn available banking facilities amounted to approximately HK$176,600,000 (2021: HK$167,300,000). A revolving loan facility of up to HK$200,000,000 was also made available to the Group on 31 March 2022 by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, the executive directors and controlling shareholders of the Company.

The directors of the Company have considered the above circumstances and reviewed the Group's cash flow projections, which covered a period of 12 months from 31 March 2022. The directors are of the opinion that, taking into account the anticipated cash flows used in the Group's operations, the potential impact of the COVID-19 pandemic on the Group's operation, the pace of recovery from the COVID-19 pandemic and the continuing availability of the Group's banking facilities, the Group has adequate liquidity and financial resources to meet in full its financial obligations and the working capital requirements in the next twelve months from the balance sheet date. In addition, the liquidity of the Group is further supported by the controlling shareholders' revolving loan facility of HK$200,000,000 as at 31 March 2022 for a 2 years' period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in "Critical Accounting Estimates and Judgements" on page 164.

2 Changes in accounting policies

(i) Amendments to standards mandatory for the first time for the financial year beginning 1 April 2021 and were early adopted

- HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendment), "Interest Rate Benchmark (IBOR) Reform – Phase 2"

- HKFRS 16 (Amendment), "Covid-19-Related Rent Concessions beyond 30 June 2021"

2 Changes in accounting policies (continued)

(ii) New standard and amendments to standards issued but not yet effective for the financial year beginning 1 April 2021 where early adoption is permitted

The Group has early applied the following new standard and amendments to standards issued but not yet effective for the financial year beginning 1 April 2021:

- HKFRS 17, "Insurance Contracts" (effective for annual periods beginning on or after 1 April 2023). The new standard applies to insurance contracts issued, to reinsurance contracts issued and held, and to investment contracts with discretionary participation features an entity that also issues insurance contracts. Entities have an accounting policy choice to account for some fixed-fee service contracts in accordance with either HKFRS 17 or HKFRS 15. The June 2020 amendment additionally introduced scope exclusions for some credit card (or similar) contracts, and some loan contracts. The early adoption of HKFRS 17 does not have any impact to the Group as the Group does not have insurance contracts as at 31 March 2022.

- HKAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 April 2023). The amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment is applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The early adoption of HKAS 12 (Amendment) does not have any impact to the Group as the Group has accounted for such transactions consistent with the new requirements.

- HKFRS 10 and HKAS 28 (Amendment), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective for annual periods to be determined by the HKICPA). The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in HKFRS 3 "Business Combinations"). The early adoption of HKFRS 10 and HKAS 28 (Amendment) does not have any impact to the Group as the Group does not have any associates or joint ventures as at 31 March 2022.

3 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the financial statements of the Company exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

6 Financial assets

(i) Classification

The Group classifies its financial assets to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in "other gains – net" together with foreign exchange gains and losses.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires ECL to be recognised from initial recognition of the receivables. See Note 18 for further details.

7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and the counterparty.

8 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within "other gains – net".

(iii) Group companies

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

(iv) Disposal of foreign operation

On the disposal of a foreign operation (this is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

9 Employee benefits

(i) Short-term obligation

Liabilities for salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Retirement benefit obligations

The Group operates various post-employment scheme, including defined contribution plan and long service payments (see Note 9(iv)).

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Long service payments

The Group's net obligation in respect of amounts payable on cessation of employment in certain circumstances under the employment law of the respective countries in which the Group operates is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Long service payments are assessed using the projected unit credit method. The cost of providing the long service payment liabilities is charged to the consolidated income statement so as to spread the cost over the service lives of employees in accordance with the advice of the actuaries.

Long service payments are discounted to determine the present value of obligation and reduced by entitlement accrued under the Group's defined contribution plans that are attributable to contributions made by the Group. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in consolidated income statement.

9 Employee benefits (continued)

(v) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liability for bonus plan is expected to be settled within 12 months and is measured at the amount expected to be paid when it is settled.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange of these benefits. The Group recognises termination benefits at the earlier or the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits.

10 Share-based payment

(i) Equity-settled share-based payment transactions

The Group operates two equity-settled share-based schemes, Share Option Scheme and Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options or awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the options or awarded shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted or shares awarded:

- including any market performance conditions (for example, an entity's share price); and

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Upon vesting and transfer of the awarded shares to the awardees, the related costs of the awarded shares are credited to shares held under the Share Award Scheme, and the related fair value of the shares are debited to employee share-based compensation reserve.

10 Share-based payment (continued)

(ii) Share-based payment transactions among group entities

The grant by the Company of options or share awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(iii) Shares held for share award scheme

When the Company's shares are acquired from the market by the trust set up by the Company under the Share Award Scheme, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as "Shares held under the Share Award Scheme" and deducted from total equity. Upon vesting, the related costs of the vested shares for Share Award Scheme purchased from the market are credited to "Shares held under the Share Award Scheme", with a corresponding decrease in "Employee share-based compensation reserve" for Share Award Scheme.

11 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

FINANCIAL RISK MANAGEMENT

1 Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management who identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating subsidiaries. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign exchange risk

The Group operates in various countries and is exposed to foreign exchange risk against Hong Kong dollar arising from foreign exchange exposure. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operation.

Most of the assets, receipts and payments of the Group are either in Hong Kong dollar, US dollar, Euro or Renminbi. The Group minimises its foreign exchange exposure against purchase orders denominated in foreign currencies by entering into forward contracts with reputable financial institutions or at spot and maintain no material long position. The hedging policies are regularly reviewed by the Group.

Certain assets of the Group are denominated in US dollar but the foreign exchange risk is considered not significant as Hong Kong dollar exchange rate is pegged to US dollar.

The remaining Group's assets and liabilities are primarily denominated in the respective group companies' functional currency, which would not expose the Group to material foreign exchange risk.

(ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and financial institutions, deposits and trade and other receivables with a maximum exposure equal to the carrying amounts of these financial instruments.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(a) Credit risk of deposits with banks and financial institutions

As at 31 March 2022, all bank balances and bank deposits are held at reputable financial institutions which are leading and reputable with low credit risk and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. The ECL is close to zero and no provision was made as at 31 March 2022 and 2021.

(b) Credit risk of deposits and other receivables

Deposits and other receivables were mainly rental deposit and utilities and management fee deposits. The credit quality of deposits and other receivables has been assessed with reference to historical information about the default rates and financial position of the counterparties. Given there is no history of defaults from these counterparties, the directors of the Company are of the opinion that there was no significant increase in credit risk and the expected credit loss was limited to 12-month expected credit losses. Therefore, ECL rate of the deposits and other receivables is assessed to be close to zero and no provision was made as at 31 March 2022 and 2021.

1 Financial risk factors (continued)

(ii) Credit risk (continued)

(c) Credit risk of trade receivables

The Group performs periodic credit evaluations of its customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly reviewed. Sales to retail customers are settled in cash or using major credit cards. No material credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance by these counterparties.

Trade receivables mainly represent receivables from electronic payment service providers, receivables from e-commerce platform providers, receivables from shopping malls and department stores in the PRC, and wholesales, which are due within 90 days from the date of invoice. As at 31 March 2022, 89.5% (2021: 87.4%) of the total trade receivables were due within 90 days from the date of invoice. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 18.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and days past due. The ECL rates are based on the past repayment history and the historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL allowance provided on a collective basis is insignificant as there was no history of material default from trade receivables.

For trade receivables relating to accounts in which objective evidence that the debtor faces significant financial difficulties or enter liquidation, they are assessed individually for impairment allowance. Accordingly, provision of ECL allowance of HK$2,766,000 (2021: HK$1,259,000) were made as at 31 March 2022.

Movements on the Group's provision for ECL of trade receivables are disclosed in Note 18.

Provision for ECL allowance on trade receivables is presented as net provision within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, dividend payments, new investments and close out market positions if required.

As at 31 March 2022, the Group's financial liabilities included mainly trade payables and other payables amounting to HK$399,188,000 (2021: HK$409,225,000), which were substantially due within 3 months, lease liabilities amounting to HK$251,561,000 (2021: HK$349,603,000) and HK$219,949,000 (2021: HK$299,513,000) which were due within 12 months and over 12 months respectively, and short-term bank borrowings amounting to HK$102,484,000.

The bank borrowings were trust receipt loans and revolving loans due within one to two year and contained a repayment-on-demand clause. The undiscounted cash flows therefore approximate the carrying amounts as the impact of discounting is not significant.

1 Financial risk factors (continued)

(iv) Interest rate risk

The Group's interest rate risk resulted from timing differences in the repricing of interest-bearing assets or liabilities. Major interest-bearing assets and liabilities of the Group are short-term bank deposits, time deposits and short-term bank borrowings, details of which have been disclosed in Note 20 and Note 23. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk.

The Group monitors its interest rate risk through management of maturity profile and choice of fixed or floating interest rates.

2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity.

The table below analyses the Group's gearing ratio as at 31 March 2022:

	2022 **HK$'000**
Total borrowings	**102,484**
Total equity	**982,908**
Gearing ratio	**10.4%**

As at 31 March 2021, the Group had no borrowings, the gearing ratio is not applicable.

As at 31 March 2022, the Group maintained a cash position of HK$296,719,000 (2021: HK$526,404,000).

The Group has complied with covenants of the major borrowing facilities throughout the year.

3 Fair value estimation

As at 31 March 2022 and 2021, the carrying values of trade receivables, other receivables and deposits, time deposits, cash and cash equivalents, trade payables, other payables and accruals, borrowings and lease liabilities are a reasonable approximation to their fair values.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of non-financial assets

The Group conducts impairment reviews of non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value-in-use based on discounted future cash flows. Where the discounted actual future cash flows are less than expected, an impairment loss may arise. During the year, after reviewing the business environment as well as the Group's strategies and past performance of its cash-generating units, management concluded that there was impairment of right-of-use assets and property, plant and equipment totalling HK$86,978,000 (2021: HK$57,679,000). Management believes that any reasonably possible changes in the assumptions used in the impairment reviews would not significantly affect management's view on impairment provision at current year end.

(ii) Provision for inventory

The Group estimates the provision for inventory based on the inventory turnover days and sales performance of inventories and made specific provision for near-expiry and slow-moving inventories, taking into consideration of the recent market conditions under the impact of the COVID-19 pandemic, sales strategy, goods return arrangement with suppliers, and marketability of inventories. The Group also estimates the shrinkage provision with reference to the level of inventory loss in current year.

Provision for inventory is recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised. The quantification of inventory provision requires the use of estimates and judgement. Where the outcomes are different from the original estimates, such differences will impact the carrying value of inventories and provisions for inventory in the years in which such estimates have been changed.

(iii) Deferred tax assets in respect of tax losses and temporary differences

As at 31 March 2022, the Group did not recognise deferred tax assets of HK$151,276,000 (2021: HK$114,715,000) in respect of tax losses and temporary differences amounting to HK$775,827,000 (2021: HK$566,235,000) and HK$52,420,000 (2021: HK$45,080,000) respectively that could be carried forward against future taxable income as the realisation of the related tax benefits through future taxable profit is not probable. Estimating the amount of deferred tax asset arising from tax losses requires a process that involves determining appropriate provisions for income tax expense, forecasting future year's taxable income and assessing our ability to utilise tax benefits through future earnings. In cases where the actual future profits generated are different from original estimates than expected, such differences will impact the recognition of deferred tax assets and income tax charges in the year in which such circumstances are changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Group is principally engaged in the retailing and wholesaling of cosmetic products.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company has its listing on the Stock Exchange.

As at 31 March 2022, 48.56%, 14.13% and 0.05% of the total issued shares of the Company were owned by Sunrise Height Incorporated, Green Ravine Limited and Million Fidelity International Limited respectively. Sunrise Height Incorporated and Green Ravine Limited were incorporated in the British Virgin Islands and Million Fidelity International Limited was incorporated in Hong Kong SAR. These companies are owned 50.0% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, as being the ultimate controlling parties of the Company.

These consolidated financial statements are presented in thousands of Hong Kong dollar (HK$'000), unless otherwise stated.

2 Revenue and other income

Accounting Policy

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the retail and wholesales of cosmetic products, stated net of value added taxes, returns, rebates and discounts.

Revenue is recognised when specific criteria have met for the Group's activities described below:

Sale of goods – retail and e-commerce transactions

The Group sells cosmetic products through chain of retail stores and e-commerce platforms. Revenue from the sale of goods is recognised at a point in time when a group entity sells and has delivered a product to the customer and the Group receives sales and acceptance confirmations, and there is no unfulfilled obligation that affects the customer's acceptance of the products. Payment of the transaction price is due immediately when the customer purchases the goods. The Group estimates the sales return provision based on accumulated experience and considers that no provision is recognised as the amount of returns is immaterial.

Sale of goods – wholesale

Sales are recognised at a point in time when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that affects the wholesaler's acceptance of the products.

The goods are often sold with sales discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, if any. No element of financing is deemed present.

Slide display rental income

Slide display rental income is recognised on a straight-line basis in accordance with the terms of the relevant agreements.

2 Revenue and other income (continued)

Accounting Policy (continued)

Customer loyalty programme

The Group operates a customer loyalty programme, where certain customers accumulate points for purchases made which entitle them to purchase goods for free or at a discount price. The customer loyalty programme gives rise to a separate performance obligation because it provides a material right to the customer and allocates a portion of the transaction price to the loyalty credits awarded to customers based on the relative stand-alone selling price. All awarded points are expired on 31 March and there was no material award points outstanding as at year end.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers the promised goods to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer the promised goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group is principally engaged in the retailing and wholesaling of cosmetic products. Turnover represents the sales of goods to customers. An analysis of revenues and other income recognised during the year is as follows:

	2022 HK$'000	2021 HK$'000
Turnover – recognised under HKFRS 15 at a point in time		
Retail and wholesale	**3,412,727**	3,043,029
Other income – recognised under other accounting standards		
Slide display rental income	**18,596**	23,526
Short-term sub-lease income	**17,269**	–
Storage income	**11,417**	–
Government subsidies (Note)	**4,953**	118,817
	52,235	142,343

Note:

During the year ended 31 March 2022, wage subsidies of HK$4,526,000 were granted from the Wage Subsidy Programme launched by the government of Malaysia.

Wage subsidies of HK$233,000 were granted from the Hong Kong SAR government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees.

Remaining subsidies of HK$194,000 were granted from other subsidy scheme launched by the government of Macau SAR.

During the year ended 31 March 2021, wage subsidies of HK$112,409,000 were granted from the Hong Kong SAR government's Employment Support Scheme for the use of paying wages of employees and HK$3,400,000 were granted from the one-off Retail Sector Subsidy Scheme, and Beauty Parlours, Massage Establishments and Party Rooms Subsidy Scheme under Anti-Epidemic Fund. Remaining subsidies of HK$3,008,000 were granted from other subsidy schemes launched by the governments of Macau SAR and Malaysia.

The Group has complied with all attached conditions before 31 March 2022 and 2021 and recognised in the consolidated income statement.

2 Revenue and other income (continued)

(a) Revenue recognition in relation to contract liabilities

As at 31 March 2022 and 2021, contract liabilities included receipts in advance and deferred revenue amounting to HK$25,317,000 (2021: HK$22,320,000) and HK$226,000 (2021: Nil) respectively.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward receipts in advance and deferred revenue:

	2022 **HK$'000**	2021 HK$'000
Revenue recognised that was included in the receipts in advance and deferred revenue balance at the beginning of the year	**22,320**	37,171

There is no revenue recognised for the years ended 31 March 2022 and 2021 related to performance obligations that were satisfied in prior year.

(b) Unsatisfied long-term contracts

The Group selected to choose a practical expedient and omit disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

3 Segment information

Accounting Policy

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

Executive directors of the Group review the internal reporting of the Group in order to assess performance and allocate resources. Executive directors consider the business principally from a geographic perspective and assess the performance of the geographic segments based on a measure of segments results.

The business reportable segments identified are Hong Kong and Macau SARs, Online business, Mainland China and Malaysia.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, deferred tax assets, inventories, receivables, deposits and prepayments, time deposits, cash and cash equivalents and income tax recoverable. Capital expenditure comprises additions to property, plant and equipment.

3 Segment information (continued)

The breakdown of key segment information including total turnover from external customers is disclosed below.

	For the year ended 31 March 2022				
	Hong Kong & Macau SARs HK$'000	**Online business HK$'000**	**Mainland China HK$'000**	**Malaysia HK$'000**	**Total HK$'000**
Turnover	**2,212,532**	**695,581**	**312,014**	**192,600**	**3,412,727**
Segment results	**(198,874)**	**6,927**	**(144,269)**	**(7,516)**	**(343,732)**
Other information					
Capital expenditure	**28,683**	**1,096**	**24,432**	**1,470**	**55,681**
Finance income	**1,633**	**15**	**333**	**1,068**	**3,049**
Finance costs	**8,689**	**63**	**2,117**	**909**	**11,778**
Income tax expense/(credit)	**8,263**	**1,368**	**–**	**(2,724)**	**6,907**
Depreciation of property, plant and equipment	**61,568**	**315**	**12,029**	**5,959**	**79,871**
Depreciation of right-of-use assets	**226,696**	**315**	**23,823**	**25,360**	**276,194**
Provision/(reversal of provision) for slow moving inventories and shrinkage	**(3,205)**	**3,707**	**6,507**	**1,941**	**8,950**
Impairment of property, plant and equipment	**233**	**–**	**19,135**	**128**	**19,496**
Impairment of right-of-use assets	**23,813**	**–**	**42,600**	**1,069**	**67,482**

3 Segment information (continued)

	For the year ended 31 March 2021				
	Hong Kong & Macau SARs HK$'000	Online business HK$'000	Mainland China HK$'000	Malaysia HK$'000	Total HK$'000
Turnover	1,999,822	501,305	289,853	252,049	3,043,029
Segment results	(352,900)	8,791	(12,699)	(2,490)	(359,298)
Other information					
Capital expenditure	37,904	170	15,470	3,851	57,395
Finance income	4,846	15	187	1,401	6,449
Finance costs	14,116	–	782	1,551	16,449
Income tax credit	(40,335)	(706)	–	(1,142)	(42,183)
Depreciation of property, plant and equipment	70,836	408	4,700	10,993	86,937
Depreciation of right-of-use assets	380,842	–	12,252	35,091	428,185
Provision/(reversal of provision) for slow moving inventories and shrinkage	43,709	3,266	(3,843)	185	43,317
Impairment of property, plant and equipment	4,235	–	–	597	4,832
Impairment of right-of-use assets	52,183	–	–	664	52,847

3 Segment information (continued)

	Hong Kong & Macau SARs HK$'000	Online business HK$'000	Mainland China HK$'000	Malaysia HK$'000	Total HK$'000
At 31 March 2022					
Non-current assets	**703,097**	**7,512**	**33,639**	**34,167**	**778,415**
Current assets	**744,546**	**223,771**	**162,566**	**177,525**	**1,308,408**
Total assets as per consolidated statement of financial position					**2,086,823**
At 31 March 2021					
Non-current assets	822,663	3,235	49,633	53,146	928,677
Current assets	1,080,588	166,947	149,461	185,209	1,582,205
Total assets as per consolidated statement of financial position					2,510,882

4 Other gains – net

	Significant Accounting Policies No. 8	
	2022 HK$'000	2021 HK$'000
Net exchange gains	**3,118**	5,959
Gains on derecognition of lease liabilities and right-of-use assets (Note)	**16,120**	–
	19,238	5,959

Note:
In prior years, certain leases were accounted for with the expectation that it was reasonably certain the associated extension option would be used. During the year, upon the end of these leases, the Group has decided not to exercise the extension option. Accordingly, the lease liabilities and right-of-use assets of these leases in relation to the period covered by the extension option were derecognised, resulted in gains of HK$16,120,000.

5 Expenses by nature

	2022 HK$'000	2021 HK$'000
Cost of inventories sold	**2,143,231**	1,947,881
Employee benefit expenses (including directors' emoluments) (Note 6)	**651,816**	646,008
Depreciation expenses		
– right-of-use assets (Note 14)	**276,194**	428,185
– property, plant and equipment (Note 13)	**79,871**	86,937
Lease rentals in respect of land and buildings		
– lease rental for short-term leases	**127,645**	67,675
– contingent rent	**32,826**	28,563
– rent concession related to COVID-19 (Note)	**(35,934)**	(88,461)
Building management fees, government rent and rates	**76,699**	88,505
Advertising and promotion expenses	**63,708**	48,675
Transportation and delivery charges	**50,826**	38,952
Outsource warehouse handling expenses and platform charges	**41,830**	31,249
Utilities and telecommunication	**33,037**	28,070
Bank and credit card charges	**28,918**	25,763
Repair and maintenance	**23,396**	25,731
Packaging expenses	**16,334**	9,023
Provision for slow moving inventories and shrinkage (Note 17)	**8,950**	43,317
Postage, printing and stationery	**8,942**	8,579
Auditors' remuneration		
– audit services	**2,718**	2,568
– non-audit services	**1,018**	996
Donations	**1,987**	1,809
Write-off of property, plant and equipment (Note 13)	**1,352**	1,126
Others	**89,954**	53,982
	3,725,318	3,525,133
Representing:		
Cost of sales	**2,152,181**	1,991,198
Selling and distribution costs	**1,323,946**	1,325,402
Administrative expenses	**249,191**	208,533
	3,725,318	3,525,133

Note:
During the year ended 31 March 2022, rent concession related to COVID-19 amounted to HK$35,836,000 (2021: HK$88,461,000) was included in selling and distribution costs and HK$98,000 (2021: Nil) was included in administrative expenses.

6 Employee benefit expenses (including directors' emoluments)

Significant Accounting Policies No. 9

	2022 HK$'000	2021 HK$'000
Basic salaries, bonuses, housing allowances, other allowances and benefits-in-kind	**621,243**	614,123
Retirement benefit costs (Note 24(b))	**29,077**	29,946
Directors' fees	**1,172**	1,158
Share-based payment (Note 25(c))	**324**	781
	651,816	646,008

7 Director and senior management emoluments

(a) Directors' emoluments

Directors' emoluments comprise payments to the Company's directors (including three (2021: three) directors in the five highest paid individuals in the Group) in connection with management of affairs of the Company and the Group. The non-executive director receives an annual director's fee of HK$257,400 (2021: HK$257,400). Considering the comparatively heavier workload and responsibility of the Audit Committee, its Chairman and members will receive an additional annual remuneration amounted to HK$150,000 and HK$80,000 (2021: HK$150,000 and HK$80,000) respectively.

The aggregate amounts of emoluments payable to the directors of the Company during the year were as follows:

	2022 HK$'000	2021 HK$'000
Directors' fees	**1,172**	1,158
Basic salaries, housing allowances, other allowances and benefits-in-kind	**6,020**	5,684
Discretionary bonuses	**423**	388
Retirement benefit costs	**123**	171
Share-based payment	**–**	35
	7,738	7,436

7 Director and senior management emoluments (continued)

(a) Directors' emoluments (continued)

The directors' emoluments of the Company were as follows:

	Directors' fees HK$'000	Basic salaries, housing allowances, other allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
For the year ended 31 March 2022						
Executive Directors						
Dr KWOK Siu Ming Simon (ii)	–	1,786	119	–	–	1,905
Dr KWOK LAW Kwai Chun Eleanor	–	1,621	108	–	–	1,729
Dr LOOK Guy	–	2,047	–	84	–	2,131
Ms KWOK Sze Wai Melody	–	566	196	39	–	801
Non-executive Director						
Ms LEE Yun Chun Marie-Christine	225	–	–	–	–	225
Independent Non-executive Directors						
Ms KI Man Fung Leonie	295	–	–	–	–	295
Mr TAN Wee Seng	357	–	–	–	–	357
Mr CHAN Hiu Fung Nicholas	295	–	–	–	–	295
	1,172	6,020	423	123	–	7,738

7 Director and senior management emoluments (continued)

(a) Directors' emoluments (continued)

The directors' emoluments of the Company were as follows:

	Directors' fees HK$'000	Basic salaries, housing allowances, other allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
For the year ended 31 March 2021						
Executive Directors						
Dr KWOK Siu Ming Simon (ii)	–	1,697	71	–	–	1,768
Dr KWOK LAW Kwai Chun Eleanor	–	1,540	65	–	–	1,605
Dr LOOK Guy	–	1,910	–	134	27	2,071
Ms KWOK Sze Wai Melody	–	537	252	37	–	826
Non-executive Director						
Ms LEE Yun Chun Marie-Christine	222	–	–	–	3	225
Independent Non-executive Directors						
Ms KI Man Fung Leonie	292	–	–	–	2	294
Mr TAN Wee Seng	352	–	–	–	3	355
Mr CHAN Hiu Fung Nicholas	292	–	–	–	–	292
	1,158	5,684	388	171	35	7,436

Notes:

(i) Share-based payment represents amortisation to the income statement of the fair value of awarded shares and share options measured at the respective grant dates, regardless of whether the share options would be exercised or not.

(ii) Dr KWOK Siu Ming Simon is the Chairman and CEO of the Company.

No compensation for loss of office has been paid to the directors for the years ended 31 March 2022 and 2021.

Except for one non-executive director and three independent non-executive directors who waived emoluments HK$32,000 (2021: HK$35,000) and a range of HK$42,000 to HK$51,000 (2021: HK$46,000 to HK$55,000) respectively, no other directors waived any emoluments in the years ended 31 March 2022 and 2021.

7 Director and senior management emoluments (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2021: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2021: two) individuals during the year were as follows:

	2022 HK$'000	2021 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,738**	2,624
Discretionary bonuses	**143**	85
Retirement benefit costs	**104**	147
Share-based payment	**76**	252
	3,061	3,108

The emoluments of the individuals fell within the following bands:

	Number of individuals	
Emoluments bands	**2022**	2021
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	1
	2	2

(c) Senior management emoluments (excluding directors' emoluments)

The details of the senior management emoluments (excluding directors' emoluments) payable during the year were as follows:

	2022 HK$'000	2021 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,738**	2,624
Discretionary bonuses	**143**	85
Retirement benefit costs	**104**	147
Share-based payment	**76**	252
	3,061	3,108

7 Director and senior management emoluments (continued)

(c) Senior management emoluments (excluding directors' emoluments) (continued)

The emoluments of the individuals fell within the following bands:

	Number of individuals	
Emoluments bands	**2022**	2021
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	1
	2	2

8 Finance income and costs

Accounting Policy

Interest income on financial assets at amortised cost is calculated using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

The accounting policy of interest expenses on lease liabilities is disclosed in Note 14.

The accounting policy of interest expenses on bank borrowings is disclosed in Note 23.

	2022 **HK$'000**	2021 HK$'000
Finance income from:		
Interest income on bank deposits	**1,654**	4,344
Others	**1,395**	2,105
	3,049	6,449
Finance costs from:		
Interest expenses on lease liabilities	**11,455**	16,449
Interest expenses on bank borrowings	**323**	–
	11,778	16,449

9 Income tax expense/(credit)

Accounting Policy

The tax expense/(credit) for the year comprise current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax expense/(credit) is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

9 Income tax expense/(credit) (continued)

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2022 HK$'000	2021 HK$'000
Current tax:		
Hong Kong profits tax		
Current	**2,305**	2,277
Over-provision in previous years	**(318)**	(10,013)
Overseas taxation		
Current	**197**	251
Over-provision in previous years	**(6)**	(340)
Total current tax	**2,178**	(7,825)
Deferred tax (Note 16):		
Decrease/(increase) in net deferred tax assets	**4,729**	(34,358)
Income tax expense/(credit)	**6,907**	(42,183)

The income tax expense/(credit) on the Group's loss before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong SAR as follows:

	2022 HK$'000	2021 HK$'000
Loss before income tax from continuing operations	**(336,825)**	(401,481)
Profit before income tax from discontinued operation	**–**	7,930
	(336,825)	(393,551)
Tax calculated at a taxation rate of 16.5% (2021: 16.5%)	**(55,576)**	(64,936)
Effect of different taxation rates in other countries (Note)	**334**	(287)
Expenses not deductible for income tax purposes	**19,979**	13,797
Income not subject to income tax	**(75)**	(21,513)
Unrecognised tax losses	**49,270**	41,109
Recognition of tax losses previously not recognised	**(6,701)**	–
Over-provision in previous years	**(324)**	(10,353)
Income tax expense/(credit)	**6,907**	(42,183)

Note:
The Group was subject to different tax jurisdictions mainly in Macau SAR, Malaysia and Mainland China with tax rate ranged from 12% to 25% (2021: 12% to 25%).

10 Discontinued operation

Accounting Policy

A discontinued operation is a component of the Group's business, the operation and cash flow of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

During the year ended 31 March 2020, the Group discontinued the business of retailing of cosmetic products in Singapore. The results of Singapore retail operation for the year ended 31 March 2021 are presented below:

	2021 HK$'000
Turnover	–
Other income and gains – net	7,930
Cost of sales and expenses	–
Profit before income tax	7,930
Income tax expense	–
Profit from discontinued operation	7,930
Currency translation differences of foreign subsidiaries recorded in translation reserve	(487)
Total comprehensive income from discontinued operation	7,443

Profit for the year of Singapore retail operation has been arrived at after crediting:

	2021 HK$'000
Government subsidies	5,901

10 Discontinued operation (continued)

The net cash flows of Singapore retail operation are as follows:

	2021 HK$'000
Net cash generated from operating activities	1,613
Net cash generated from investing activities	366
Net cash used in financing activities	(31,943)
Net cash outflow	(29,964)

Earnings per share for profit from discontinued operation attributable to owners of the Company for the year ended 31 March 2021 are as follows:

	2021 HK cents
Basic earnings per share from discontinued operation	0.3
Diluted earnings per share from discontinued operation	0.3

11 Loss per share

Accounting Policy

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing cost associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

11 Loss per share (continued)

From continuing operations

(a) Basic loss per share from continuing operations is calculated by dividing the loss from continuing operations attributable to owners of the Company by the weighted average number of ordinary shares in issue less the total number of shares held under the Share Award Scheme during the year.

	2022	2021
Loss from continuing operations attributable to owners of the Company (HK$'000)	**(343,732)**	(359,298)
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	**3,101,568**	3,101,209

(b) For the years ended 31 March 2022 and 2021, diluted loss per share from continuing operations equals to basic loss per share from continuing operations as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

From continuing and discontinued operations

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

	2022	2021
Loss from continuing operations attributable to owners of the Company (HK$'000)	**(343,732)**	(359,298)
Profit from discontinued operation attributable to owners of the Company (HK$'000)	**–**	7,930
Loss for the purpose of basic and diluted loss per share from continuing and discontinued operations (HK$'000)	**(343,732)**	(351,368)
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	**3,101,568**	3,101,209

12 Dividends

Accounting Policy

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

The Board has not recommended the payment of final dividend for the year ended 31 March 2022 (2021: Nil).

13 Property, plant and equipment

Accounting Policy

Land and buildings mainly comprise offices. Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Over remaining lease term
Buildings	20-36 years
Leasehold improvements	Over shorter of lease term or 6 years
Equipment, furniture and fixtures	3-5 years
Motor vehicles and vessel	4-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (**Significant Accounting Policies No. 5**).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

Please refer to **Critical Accounting Estimates and Judgements (i)** for estimates and judgements on impairment for property, plant and equipment.

13 Property, plant and equipment (continued)

	Land and buildings HK$'000	Leasehold improvements HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles and vessel HK$'000	Total HK$'000
At 31 March 2020					
Cost	190,790	613,620	265,783	22,031	1,092,224
Accumulated depreciation and impairment	(71,754)	(501,506)	(219,740)	(17,693)	(810,693)
Net book amount	119,036	112,114	46,043	4,338	281,531
Year ended 31 March 2021					
Opening net book amount	119,036	112,114	46,043	4,338	281,531
Additions	–	36,140	21,042	213	57,395
Write-off	–	(20)	(1,106)	–	(1,126)
Disposals	–	(247)	(5)	–	(252)
Depreciation	(5,629)	(56,757)	(22,615)	(1,936)	(86,937)
Impairment losses	–	(4,722)	(110)	–	(4,832)
Exchange differences	–	704	219	12	935
Closing net book amount	113,407	87,212	43,468	2,627	246,714
At 31 March 2021					
Cost	190,790	594,054	265,463	19,840	1,070,147
Accumulated depreciation and impairment	(77,383)	(506,842)	(221,995)	(17,213)	(823,433)
Net book amount	113,407	87,212	43,468	2,627	246,714
Year ended 31 March 2022					
Opening net book amount	113,407	87,212	43,468	2,627	246,714
Additions	–	43,614	11,034	1,033	55,681
Write-off	–	(405)	(947)	–	(1,352)
Disposals	–	(11)	–	–	(11)
Depreciation	(5,630)	(51,663)	(21,110)	(1,468)	(79,871)
Impairment losses	–	(18,300)	(1,196)	–	(19,496)
Exchange differences	–	406	68	(1)	473
Closing net book amount	**107,777**	**60,853**	**31,317**	**2,191**	**202,138**
At 31 March 2022					
Cost	**190,790**	**533,499**	**255,016**	**20,868**	**1,000,173**
Accumulated depreciation and impairment	**(83,013)**	**(472,646)**	**(223,699)**	**(18,677)**	**(798,035)**
Net book amount	**107,777**	**60,853**	**31,317**	**2,191**	**202,138**

13 Property, plant and equipment (continued)

(a) Depreciation expense of HK$61,954,000 (2021: HK$67,589,000) was included in selling and distribution costs, HK$17,917,000 (2021: HK$19,348,000) was included in administrative expenses.

(b) Write-off of property, plant and equipment of HK$1,352,000 (2021: HK$1,126,000) was included in selling and distribution costs.

(c) As at 31 March 2022, land and buildings with carrying value amounted to HK$106,110,000 (2021: Nil) was pledged for banking facilities made available to the Group.

As at 31 March 2022, net book amount of retail store assets represented property, plant and equipment and right-of-use assets amounting to HK$43,636,000 (2021: HK$64,155,000) and HK$331,339,000 (2021: HK$345,088,000) respectively. The Group regards each individual retail store as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the retail store assets, including property, plant and equipment and right-of-use assets, which have an impairment indicator.

The carrying amount of the retail store assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenure of the lease, with major assumptions such as revenue growth rate, percentage change of running costs and gross profit margin. As a result, an impairment loss of property, plant and equipment and right-of-use assets of HK$19,496,000 (2021: HK$4,832,000) and HK$67,482,000 (Note 14) (2021: HK$52,847,000) respectively were recognised in selling and distribution costs.

Key assumptions used in the value-in-use calculations for the recoverable amount of retail store assets in Hong Kong and Macau SARs and Mainland China market are as follows:

Revenue growth rate:	based on the estimated timing of easing quarantine restrictions at the borders and the consequential effect on the foot traffic of the Group's retail stores
Percentage change of running costs:	based on the estimated change related to the Group's cost saving plan and measures
Gross profit margin:	based on the historical data and change in product mix

14 Leases

Accounting Policy

The Group as lessee

The Group leases various retail stores, warehouses and offices. Rental contracts are typically made for fixed periods from 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liabilities and finance costs. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- restoration costs; and
- any initial direct costs.

14 Leases (continued)

Accounting Policy (continued)

The Group as lessee (continued)

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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 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 assets.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its leased properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

14 Leases (continued)

(a) Right-of-use assets

	Store properties HK$'000	Warehouses and offices properties HK$'000	Total HK$'000
At 1 April 2020	619,328	141,779	761,107
Inception of lease contracts	172,780	13,497	186,277
Adjustment for lease modification	(10,938)	(981)	(11,919)
Depreciation	(385,772)	(42,413)	(428,185)
Impairment losses	(52,847)	–	(52,847)
Exchange difference	2,537	272	2,809
At 31 March and 1 April 2021	345,088	112,154	457,242
Inception of lease contracts	344,236	11,230	355,466
Reassessment of lease term	(48,951)	(70,296)	(119,247)
Adjustment for lease modification	(5,613)	(106)	(5,719)
Depreciation	(236,492)	(39,702)	(276,194)
Impairment losses	(67,482)	–	(67,482)
Exchange difference	552	134	686
At 31 March 2022	**331,338**	**13,414**	**344,752**

The Group obtains right to control the use of various retail stores, warehouses and offices for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 10 years (2021: 1 to 10 years).

During the year ended 31 March 2022, depreciation of right-of-use assets of HK$268,808,000 (2021: HK$421,013,000) was included in selling and distribution costs, HK$7,386,000 (2021: HK$7,172,000) was included in administrative expenses.

Some of the property leases which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable lease terms are used to link lease payments to store cash flows and reduce fixed cost. The variable lease payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next few years, variable lease payments are expected to continue to present a similar proportion of store sales in future years.

For details of impairment losses on right-of-use assets, refer to Note 13(c).

14 Leases (continued)

(b) Lease liabilities

	2022 HK$'000	2021 HK$'000
At 1 April	**649,116**	1,079,070
Inception of lease contracts	**351,014**	186,156
Reassessment of lease term	**(135,662)**	–
Adjustment for lease modification	**(5,722)**	(8,381)
Interest expenses on lease liabilities (Note)	**11,455**	16,449
Payment for lease liabilities (including interest)	**(399,694)**	(627,863)
Exchange difference	**1,003**	3,685
At 31 March	**471,510**	649,116

Note:
During the year ended 31 March 2022, interest expenses on lease liabilities of HK$11,455,000 (2021: HK$16,449,000) was included in finance costs.

Maturity analysis of lease liabilities is as follows:

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Not later than 1 year	**251,561**	349,603
Later than 1 year but not later than 5 years	**207,933**	299,513
Over 5 years	**12,016**	–
	471,510	649,116
Less: portion classified as current liabilities	**(251,561)**	(349,603)
Non-current liabilities	**219,949**	299,513

(c) Short-term leases and not yet commenced leases

As at 31 March 2022, the total future lease payments for short-term leases and not yet commenced leases amounted to HK$24,157,000 (2021: HK$50,951,000) and HK$215,491,000 (2021: HK$21,653,000) respectively.

15 Rental deposits and other assets

Significant Accounting Policies No. 6

	2022 HK$'000	2021 HK$'000
Rental and other deposits	**80,828**	69,347
Others	**5,552**	5,552
	86,380	74,899

Rental deposits are carried at amortised cost using the effective interest rate of 0.44% to 1.79% per annum (2021: 0.66% to 1.79% per annum). The carrying amounts of rental deposits approximate their fair values.

16 Deferred tax

Accounting Policy

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Please refer to **Critical Accounting Estimates and Judgements (iii)** for estimates and judgements on deferred tax assets in respect of tax losses and temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

	2022 **HK$'000**	2021 HK$'000
Deferred tax assets	**145,145**	149,822
Deferred tax liabilities	**(201)**	(124)
Deferred tax assets – net	**144,944**	149,698

The movement in net deferred tax assets is as follows:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**149,698**	115,094
Deferred tax (charged)/credited to the consolidated income statement (Note 9)	**(4,729)**	34,358
Exchange differences	**(25)**	246
At 31 March	**144,944**	149,698

As at 31 March 2022 and 2021, except for the deferred tax assets on certain provisions were expected to be recovered within 12 months, substantially all remaining balances of other deferred tax assets and liabilities were expected to be recovered after 12 months.

16 Deferred tax (continued)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred tax assets	Decelerated tax depreciation		Leases		Provisions		Tax losses		Total	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
At 1 April	**7,699**	6,985	**24,669**	44,362	**1,709**	2,074	**115,745**	61,725	**149,822**	115,146
(Charged)/credited to the consolidated income statement	**4,079**	578	**(12,672)**	(19,704)	**298**	(464)	**3,643**	54,020	**(4,652)**	34,430
Exchange differences	**(5)**	136	**1**	11	**(8)**	99	**(13)**	–	**(25)**	246
At 31 March	**11,773**	7,699	**11,998**	24,669	**1,999**	1,709	**119,375**	115,745	**145,145**	149,822

Deferred tax liabilities	Accelerated tax depreciation	
	2022 HK$'000	2021 HK$'000
At 1 April	**124**	52
Charged to the consolidated income statement	**77**	72
At 31 March	**201**	124

Deferred tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$151,276,000 (2021: HK$114,715,000) in respect of tax losses amounting to HK$775,827,000 (2021: HK$566,235,000) and temporary differences amounting to HK$52,420,000 (2021: HK$45,080,000) that can be carried forward against future taxable income. Tax losses amounting to HK$162,538,000 (2021: HK$164,534,000) and nil (2021: HK$20,341,000) will expire within 1 to 5 years and 5 to 10 years respectively from 31 March 2022. The remaining tax losses and capital allowances have no expiry date.

17 Inventories

Accounting Policy

Inventories comprise merchandise and are stated at the lower of cost and net realisable value.

Cost represents the invoiced cost of inventories plus the applicable freight and duties. Costs are assigned to individual items on the weighted-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Please refer to **Critical Accounting Estimates and Judgements (ii)** for estimates and judgements on provision for inventory.

17 Inventories (continued)

	2022 HK$'000	2021 HK$'000
Merchandise for resale	**747,946**	766,107

The cost of inventories recognised in cost of sales amounted to HK$2,143,231,000 (2021: HK$1,947,881,000).

During the year, the Group has made provision of HK$8,950,000 (2021: HK$43,317,000) for slow moving inventories and shrinkage.

18 Trade receivables

Accounting Policy

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Please refer to **Significant Accounting Policies No. 6 (iv)** for policies on impairment of financial assets.

	2022 HK$'000	2021 HK$'000
Trade receivables	**75,980**	78,231
Less: Provision for expected credit losses	**(2,766)**	(1,259)
Trade receivables – net	**73,214**	76,972

The carrying amounts of trade receivables approximate their fair values.

The Group's turnover comprises mainly cash sales and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 120 days. The ageing analysis of trade receivables by invoice date is as follows:

	2022 HK$'000	2021 HK$'000
Within 1 month	**46,955**	53,418
1 to 3 months	**18,607**	13,887
Over 3 months	**7,652**	9,667
	73,214	76,972

18 Trade receivables (continued)

Movement in the Group's provision for expected credit losses on trade receivables is as follows:

	2022 HK$'000	2021 HK$'000
At 1 April	**1,259**	2,286
Provision for impairment	**1,500**	5
Receivables written off during the year as uncollectible	**–**	(1,045)
Exchange differences	**7**	13
At 31 March	**2,766**	1,259

The Group applies HKFRS 9 simplified approach to measure ECL, which uses a lifetime expected loss allowance for all trade receivables. For details, please refer to Note 1(ii) in "Financial Risk Management".

Trade receivables are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
Renminbi	**49,686**	59,019
Hong Kong dollar	**20,051**	15,863
US dollar	**2,805**	1,409
Others	**672**	681
	73,214	76,972

19 Other receivables, deposits and prepayments

Accounting Policy

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

If collection of other receivables is expected to be in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Please refer to **Significant Accounting Policies No. 6(iv)** for policies on impairment of financial assets.

	2022 HK$'000	2021 HK$'000
Rental and utilities deposits	**77,882**	105,972
Other receivables and payment in advance	**53,086**	42,211
Prepayments	**27,885**	30,497
Other deposits	**21,276**	23,415
	180,129	202,095

The carrying amounts of other receivables and deposits approximate their fair values. The other receivables are due and receivable within one year from the end of the reporting period.

20 Cash and bank balances

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2022 HK$'000	2021 HK$'000
Time deposits	**241**	21,012
Short-term bank deposits	**47,052**	236,931
Cash at bank and on hand	**249,426**	268,461
Cash and cash equivalents	**296,478**	505,392
Total	**296,719**	526,404

Cash and bank balances are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
Hong Kong dollar	**133,844**	369,202
Malaysian Ringgit	**80,836**	80,855
Renminbi	**36,655**	18,213
Macau Pataca	**20,024**	18,748
US dollar	**9,601**	12,915
Euro	**8,424**	7,703
Swiss Franc	**2,681**	7,858
Singapore dollar	**457**	6,786
Others	**4,197**	4,124
	296,719	526,404

The year-end effective interest rate on time deposits over three months was 1.75% per annum (2021: 1.75% per annum). These deposits have an average maturity of 12 months (2021: 12 months).

The year-end effective interest rate on short-term bank deposits was 1.12% per annum (2021: 0.39% per annum). These deposits have an average maturity of 1 month (2021: 3 months).

As at 31 March 2022, total cash and bank balances denominated in Renminbi and Malaysian Ringgit of approximately HK$115,222,000 (2021: HK$98,106,000) were kept in Mainland China and Malaysia. The remittance of these funds out of Mainland China and Malaysia is subject to applicable foreign exchange restrictions imposed by the respective local governments.

21 Trade payables

Accounting Policy

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The ageing analysis of trade payables by invoice date is as follows:

	2022 **HK$'000**	2021 HK$'000
Within 1 month	**163,757**	175,997
1 to 3 months	**79,956**	76,668
Over 3 months	**35,466**	37,565
	279,179	290,230

The carrying amounts of trade payables approximate their fair values.

Trade payables are denominated in the following currencies:

	2022 **HK$'000**	2021 HK$'000
Hong Kong dollar	**149,090**	165,296
Renminbi	**63,318**	59,430
US dollar	**28,952**	21,225
Malaysian Ringgit	**14,585**	14,326
Euro	**11,737**	12,432
South Korean Won	**5,272**	1,937
Japanese Yen	**3,721**	2,903
Swiss Franc	**1,902**	3,284
Macau Pataca	**177**	9,226
Others	**425**	171
	279,179	290,230

22 Other payables and accruals

Accounting Policy

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

	2022 **HK$'000**	2021 HK$'000
Accrued staff costs	**58,013**	57,134
Contract liabilities (Note 2)	**25,543**	22,320
Accrued reinstatement costs	**22,545**	12,850
Valued-added tax and other tax payables	**16,729**	16,734
Accrued capital expenditure	**11,095**	15,321
Accrued transportation expenses	**10,821**	6,465
Accrued advertising and promotion expenses	**8,338**	7,237
Accrued repair & maintenance	**5,135**	6,870
Accrued utilities and telecommunication	**4,273**	3,696
Accrued rental related expenses	**3,630**	3,839
Other payables and accruals	**46,344**	48,886
	212,466	201,352

23 Borrowings

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

	2022 **HK$'000**	2021 HK$'000
Secured:		
Bank borrowings	**80,000**	–
Total secured borrowings	**80,000**	–
Unsecured:		
Bank borrowings	**20,000**	–
Trust receipt loans	**2,484**	–
Total unsecured borrowings	**22,484**	–
Total borrowings	**102,484**	–

As at 31 March 2022, the maturity of borrowings based on scheduled repayment dates is within one to two year and contain a repayment-on-demand clause, it is classified as current liabilities.

As at 31 March 2022, the trust receipt loans were at interest rate of 1.58% per annum and were denominated in HK$. The bank borrowings were at interest rate ranging from 1.29% to 1.64% and were denominated in HK$.

The carrying amounts of borrowings approximate their fair values.

As at 31 March 2022, land and buildings with carrying value amounted to HK$106,110,000 (31 March 2021: Nil) was pledged for banking facilities made available to the Group.

24 Retirement benefit obligations

(a) Retirement benefit obligations

Significant Accounting Policies No. 9

	2022 HK$'000	2021 HK$'000
Retirement benefit obligations liability on:		
– long service payments (Note (b)(ii))	**9,532**	1,864

(b) Retirement benefit costs

	2022 HK$'000	2021 HK$'000
Retirement benefit costs charged to consolidated income statement:		
Retirement benefit costs		
– defined contribution plans (Note (i))	**28,589**	29,841
– long service payments (Note (ii))	**488**	89
	29,077	29,930
Representing:		
– Employee benefit expenses from continuing operations (Note 6)	**29,077**	29,946
– Gain for the year from discontinued operation	**–**	(16)
	29,077	29,930
Retirement benefit costs charged to other comprehensive income:		
– long service payments (Note (ii))	**7,510**	105

Notes:

(i) The subsidiaries of the Group in Hong Kong SAR elected to contribute to the Mandatory Provident Fund Scheme ("MPF Scheme"). The MPF Scheme is a defined contribution retirement benefit plan administered by independent trustees. Under the MPF Scheme, both the employer and employees are required to contribute 5% of the employee's monthly salaries (capped at HK$30,000). Contributions from the employer equivalent to the contribution as specified at the rules of the MPF Scheme are 100% vested as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the age of 65, subject to a few exceptions. As to the employer's contribution in excess of the portion vested in the MPF Scheme, the employees are entitled to 100% of it after 10 years of completed service or at a reduced scale after completion of 3 to 9 years' service. Any forfeited employer's excess contributions are refundable to the Group.

The employees of the Group in Mainland China are members of state-managed retirement benefit schemes operated by the respective local government in Mainland China. The Group is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions.

24 Retirement benefit obligations (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

(ii) The Group's provision for long service payments are determined based on the actuarial valuation as at 31 March 2022 prepared by Roma Appraisals Limited, a qualified actuary, using the projected unit credit method.

The movements of long service payments during the year are as follows:

	Present value of obligations	
	2022 **HK$'000**	2021 HK$'000
At 1 April	**1,864**	1,710
Current service cost	**488**	89
Retirement benefit costs charged to consolidated income statement	**488**	89
Remeasurements:		
Actuarial loss – experience	**7,520**	43
Actuarial gain – financial assumptions	**(575)**	(30)
Actuarial loss – demographic assumptions	**565**	92
Retirement benefit costs charged to other comprehensive income	**7,510**	105
Benefits paid directly by the employer	**(330)**	(40)
At 31 March	**9,532**	1,864

The principal actuarial assumptions used are as follows:

	2022	2021
Discount rate	**2.1%**	1.3%
Expected rate of future salary increases	**3.5%**	3.5%

The sensitivity of the long service payments to changes in the weighted principal assumption is as follows:

Assumption	**Change to adopted rate**	**Effect on retirement benefit obligations**
Discount rate	+0.25%	–3.68%
	–0.25%	+3.86%
Expected rate of future salary increases	+0.25%	+2.23%
	–0.25%	–2.30%

25 Share capital

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Please refer to **Significant Accounting Policies No. 10** for details on Share Options and Share Award Scheme.

	No. of shares	HK$'000
Authorised shares of HK$0.1 each		
At 31 March 2021 and 2022	8,000,000,000	800,000
Issued and fully paid shares of HK$0.1 each		
At 31 March 2021 and 2022	3,103,189,458	310,319

(a) Share options

The 2002 Share Option Scheme was adopted on 29 August 2002 and terminated on 23 August 2012. No further options could be granted under the 2002 Share Option Scheme upon termination but the options already granted remained governed by the 2002 Share Option Scheme. The 2012 Share Option Scheme was adopted on 23 August 2012.

Under both the 2002 Share Option Scheme and the 2012 Share Option Scheme, share options may be granted to any directors (including executive, non-executive and independent non-executive directors) and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any members of the Group who the Board or a duly authorised committee thereof considers, in its sole discretion, to have contributed to the Group.

The option period shall be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the date of grant of the relevant option. The subscription price shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of: (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. The Group has no obligation to repurchase or settle the options in cash.

The outstanding share options of the Company were granted under the 2002 Share Option Scheme and the 2012 Share Option Scheme to the directors of the Company and certain key management personnel, which are to be vested after the selected employee completed a period of services in the Group from one to three years from the grant date or achieved certain performance targets set by the Board. All outstanding share options have been vested.

During the year ended 31 March 2022, no share option was granted under the 2012 Share Option Scheme (2021: Nil).

Movements in the number of share options outstanding are as follows:

	No. of share options year ended 31 March	
	2022	2021
At 1 April	**30,467,988**	32,009,988
Lapsed	**(24,440,988)**	(1,542,000)
At 31 March	**6,027,000**	30,467,988

25 Share capital (continued)

(a) Share options (continued)

The expiry dates and subscription prices of the share options outstanding as at 31 March 2022 and 2021 are set out as follows:

Expiry dates	Subscription price per Share (HK$)	No. of share options outstanding as at 31 March 2022	2021
2002 Share Option Scheme			
16 June 2021	4.95	**–**	1,574,000
28 February 2022	4.77	**–**	22,145,988
28 June 2022	4.85	**2,412,000**	2,644,000
2012 Share Option Scheme			
20 June 2023	8.07	**3,315,000**	3,804,000
12 April 2028	4.65	**300,000**	300,000
		6,027,000	30,467,988
Weighted average remaining contractual life of options outstanding at end of the year		**1.07 years**	1.13 years

(b) Share award

Pursuant to a resolution of the Board dated 11 April 2014, the Board approved the adoption of the Share Award Scheme under which shares of the Company may be awarded to selected employees for no cash consideration in accordance with its absolute discretion. The Share Award Scheme operates for 15 years starting from 11 April 2014. The maximum number of shares which may be awarded to any selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The awarded shares are to be vested after the selected employee completed a period of services in the Group from one week to three years from the grant date.

A trust has been set up and fully funded by the Company for the purpose of purchasing, administrating and holding the Company's shares for the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme is limited to 5% of the issued share capital of the Company.

During the year ended 31 March 2022 and 31 March 2021, no share was acquired by the Company.

Movements in the number of awarded shares:

	Number of awarded shares year ended 31 March 2022	2021
At 1 April	**455,000**	790,000
Awarded (Note)	**130,000**	350,000
Vested	**(225,000)**	(580,000)
Lapsed	**(15,000)**	(105,000)
At 31 March	**345,000**	455,000

Note: The fair value of awarded shares was determined with reference to market price of the Company's shares at the grant date. Average fair value per share was HK$1.59 (2021: HK$1.31).

25 Share capital (continued)

(b) Share award (continued)

Details of the awarded shares outstanding as at 31 March 2022 were set out as follows:

			Number of awarded shares				
Date of award	Average fair value per share (HK$)	Vesting period*	Outstanding as at 1 April 2021	Awarded during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 March 2022
29 Jun 2018	4.98	29 Jun 2018 to 23 May 2021	15,000	–	(15,000)	–	–
21 Jun 2019	2.25	21 Jun 2019 to 30 Jun 2022	200,000	–	(75,000)	–	125,000
30 Sep 2019	1.74	30 Sep 2019 to 26 Mar 2022	60,000	–	(45,000)	(15,000)	–
9 Oct 2020	1.31	9 Oct 2020 to 30 Sep 2023	180,000	–	(50,000)	–	130,000
16 Dec 2021	1.68	16 Dec 2021 to 17 Nov 2023	–	100,000	(25,000)	–	75,000
9 Mar 2022	1.30	9 Mar 2022 to 21 Feb 2023	–	30,000	(15,000)	–	15,000
			455,000	**130,000**	**(225,000)**	**(15,000)**	**345,000**

* The period during which all the specific vesting conditions of the awarded shares are to be satisfied.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2022 HK$'000	2021 HK$'000
Expenses recognised by share option scheme	**–**	8
Expenses recognised by share award scheme	**324**	773
	324	781

26 Reserves

	Share premium HK$'000	Shares held under the Share Award Scheme HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	1,412,707	(5,466)	11,783	53,473	(48,041)	(404,632)	1,019,824
Loss for the year	–	–	–	–	–	(343,732)	(343,732)
Other comprehensive loss:							
Actuarial loss on retirement benefit obligations	–	–	–	–	–	(7,510)	(7,510)
Currency translation differences of foreign subsidiaries recorded in translation reserve	–	–	–	–	3,303	–	3,303
Total comprehensive loss for the year	–	–	–	–	3,303	(351,242)	(347,939)
Share award scheme:							
Value of employee services	–	–	–	324	–	–	324
Vesting of shares under share award scheme	–	950	–	(449)	–	(501)	–
Employee share option scheme:							
Lapse of share options	–	–	–	(37,761)	–	37,761	–
Unclaimed dividends forfeited	–	–	–	–	–	380	380
Total transactions with owners, recognised directly in equity	–	950	–	(37,886)	–	37,640	704
At 31 March 2022	**1,412,707**	**(4,516)**	**11,783**	**15,587**	**(44,738)**	**(718,234)**	**672,589**

	Share premium HK$'000	Shares held under the Share Award Scheme HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Hedging reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	1,412,707	(7,914)	11,783	56,678	(20)	(64,124)	(55,117)	1,353,993
Loss for the year	–	–	–	–	–	–	(351,368)	(351,368)
Other comprehensive income:								
Actuarial loss on retirement benefit obligations	–	–	–	–	–	–	(105)	(105)
Cash flow hedges, net of tax	–	–	–	–	20	–	–	20
Currency translation differences of foreign subsidiaries recorded in translation reserve	–	–	–	–	–	16,083	–	16,083
Total comprehensive loss for the year	–	–	–	–	20	16,083	(351,473)	(335,370)
Share award scheme:								
Value of employee services	–	–	–	773	–	–	–	773
Vesting of shares under share award scheme	–	2,448	–	(1,456)	–	–	(992)	–
Employee share option scheme:								
Value of employee services	–	–	–	8	–	–	–	8
Lapse of share options	–	–	–	(2,530)	–	–	2,530	–
Unclaimed dividends forfeited	–	–	–	–	–	–	420	420
Total transactions with owners, recognised directly in equity	–	2,448	–	(3,205)	–	–	1,958	1,201
At 31 March 2021	1,412,707	(5,466)	11,783	53,473	–	(48,041)	(404,632)	1,019,824

27 Cash flow information

(a) Cash generated from operations

	2022 HK$'000	2021 HK$'000
Loss for the year from continuing operations	**(343,732)**	(359,298)
Profit for the year from discontinued operation	**–**	7,930
Loss for the year including discontinued operation	**(343,732)**	(351,368)
Adjustments for:		
– Income tax expense/(credit)	**6,907**	(42,183)
– Depreciation of property, plant and equipment	**79,871**	86,937
– Depreciation of right-of-use assets	**276,194**	428,185
– Impairment of property, plant and equipment	**19,496**	4,832
– Impairment of right-of-use assets	**67,482**	52,847
– Write-off of property, plant and equipment	**1,352**	1,126
– Losses on disposal of property, plant and equipment (Note 27(b))	**10**	34
– Provision for slow moving inventories and shrinkage	**8,950**	43,317
– Share-based payment	**324**	781
– Gain on derecognition of lease liabilities and right-of-use assets	**(16,120)**	–
– Finance costs	**11,778**	16,449
– Finance income	**(3,049)**	(6,449)
	109,463	234,508
Changes in working capital:		
– Inventories	**4,503**	205,100
– Trade receivables	**3,758**	(16,355)
– Other receivables, deposits and prepayments	**11,630**	118,468
– Trade payables	**(11,051)**	70,984
– Other payables, accruals and retirement benefit obligations	**9,123**	(43,599)
Cash generated from operations	**127,426**	569,106

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2022 HK$'000	2021 HK$'000
Net book amount (Note 13)	**11**	252
Losses on disposal of property, plant and equipment	**(10)**	(34)
Proceeds from disposal of property, plant and equipment	**1**	218

(c) The liabilities arising from financing activities represented borrowings and lease liabilities. For details of movement in lease liabilities, see Note 14(b). There are no other movements between the opening and closing balance of borrowings other than proceeds from and repayment of borrowings as disclosed in the consolidated statement of cash flows.

28 Commitments

Capital commitments in respect of acquisition of property, plant and equipment

	2022 HK$'000	2021 HK$'000
Contracted but not provided for	**26,502**	13,608

29 Significant related party transactions

Accounting Policy

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, jointly controlled entities, associated companies and key management personnel, where the individual or company has the ability, directly or indirectly, control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. A close family member of any such individual is considered to be a related party.

(a) Transactions with related parties

	2022 HK$'000	2021 HK$'000
Purchase of goods from an entity owned by the immediate family member of executive director	**2,772**	351
Rental paid to an entity wholly owned by executive directors	**2,204**	2,204

The related party transaction was conducted in accordance with terms mutually agreed with related party and in the ordinary course of business.

A revolving loan facility of up to HK$200,000,000 was also made available to the Group on 31 March 2022 by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, the executive directors and controlling shareholders of the Company. The facility is valid until 30 March 24. All outstanding amounts under the facility shall carry interest at the rate of Hong Kong Interbank Offered Rate plus 1.35% per annum.

(b) Key management compensation

Key management, including executive directors, senior management and other key management personnel, represents individual who has authority and responsibility for planning, directing and controlling the activities of the Group.

Key management compensation is disclosed as follows:

	2022 HK$'000	2021 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**28,595**	29,885
Retirement benefit costs	**910**	1,116
Share-based payment	**324**	742
	29,829	31,743

29 Significant related party transactions (continued)

(c) Interest of directors

None of the directors received any termination benefits during the year ended 31 March 2022 (2021: Nil). During the year ended 31 March 2022, the Group did not pay consideration to any third parties for making available directors' services. As at 31 March 2022, there are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (2021: Nil). During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business to which the Group was or is a party (2021: Nil).

30 Principal subsidiaries

Particulars of the principal subsidiaries at 31 March 2022:

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
Base Sun Investment Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100 Deferred HK$2	100%
Cosmic Rosy Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Cyber Colors Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Docile Company Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$2	100%
Dragon Gold Investments Limited	Hong Kong, limited liability company	Trading of cosmetic and skin care products	Ordinary HK$2	100%
Dragonstar International Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Eleanor International Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Ever Bloom Development Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK$1	100%
Fielding Group Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$2	100%
Forever Best International Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

30 Principal subsidiaries (continued)

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
Hadatuko Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Highmove Enterprises Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Hong Kong Sa Sa (M) Sdn. Bhd.	Malaysia, limited liability company	Trading and retailing of cosmetic products	Ordinary RM20,000,000	100%
Matford Trading Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100 Deferred HK$6	100%
Methode Swiss Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Netcom Holdings Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$50,000	100%
New Image International Holdings Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$6	100%
Nouveau International Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Rosy Sino Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Sa Sa Boutique Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK$2	100%
Sa Sa Cosmetic Company Limited	Hong Kong, limited liability company	Retailing and wholesaling of cosmetic products	Ordinary HK$100 Deferred HK$2	100%
Sa Sa dot Com Limited	Hong Kong, limited liability company	Online business	Ordinary HK$1,000,000	100%
Sa Sa Development Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100	100%
Sa Sa Health Food Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$50,000	100%

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

30 Principal subsidiaries (continued)

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
Sa Sa Investment (HK) Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100 Deferred HK$2	100%
Sa Sa Investment Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Sa Sa International (Taiwan) Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$6,880,000	100%
Sa Sa Making Life Beautiful Charity Fund Limited	Hong Kong, limited liability company	Charitable activities	Limited by guarantee	100%
Sa Sa Nominees Limited	Hong Kong, limited liability company	Provision of services to group companies	Ordinary HK$2	100%
Sa Sa Overseas Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$2	100%
Sa Sa Property Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100	100%
Sasatinnie Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
SkinPeptoxyl Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Soo Beauté Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
S.P. Laboratories S.A.	Switzerland, limited liability company	Holding of intellectual property rights	CHF555,000	100%
Swiss Rituel Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Suisse Programme Limited	Gibraltar, limited liability company	Holding of intellectual property rights	Ordinary £100	100%
Whitfield Enterprises Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$2	100%

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

30 Principal subsidiaries (continued)

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
明貴貿易(上海)有限公司 (Note 1)	People's Republic of China, limited liability company	Wholesale of cosmetic products	HK$10,000,000	100%
莎莎化妝品(中國)有限公司 (Note 2)	People's Republic of China, limited liability company	Trading and retailing of cosmetic products	HK$205,000,000	100%
鄭州莎莎電子商務有限公司 (Note 3)	People's Republic of China, limited liability company	Provision of online business related services to group companies	RMB500,000	100%
莎莎電子商務(廣州)有限公司 (Note 4)	People's Republic of China, limited liability company	Provision of online business related services to group companies	RMB1,000,000	100%

Notes:

1) 明貴貿易(上海)有限公司 is a wholly foreign-owned enterprise established in the People's Republic of China.

2) 莎莎化妝品(中國)有限公司 is a wholly foreign-owned enterprise established in the People's Republic of China.

3) 鄭州莎莎電子商務有限公司 is a wholly foreign-owned enterprise established in the People's Republic of China.

4) 莎莎電子商務(廣州)有限公司 is a wholly foreign-owned enterprise established in the People's Republic of China.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

31 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	2022 HK$'000	2021 HK$'000
ASSETS		
Non-current assets		
Investments in and amounts due from subsidiaries	**2,158,847**	2,016,829
Other assets	**750**	750
	2,159,597	2,017,579
Current assets		
Other receivables, deposits and prepayments	**648**	798
Cash and cash equivalents	**20,952**	163,454
	21,600	164,252
LIABILITIES		
Current liabilities		
Other payables and accruals	**2,873**	1,374
Net current assets	**18,727**	162,878
Total assets less current liabilities	**2,178,324**	2,180,457
EQUITY		
Capital and reserves		
Share capital	**310,319**	310,319
Reserves	**1,868,005**	1,870,138
Total equity	**2,178,324**	2,180,457

The statement of financial position of the Company was approved by the Board on 30 June 2022 and was signed on its behalf.

KWOK Siu Ming Simon
Chairman and CEO

KWOK LAW Kwai Chun Eleanor
Vice-chairman

31 Statement of financial position and reserve movement of the Company (continued)

Reserve movement of the Company

	Share premium HK$'000	**Shares held under the Share Award Scheme HK$'000**	**Capital redemption reserve HK$'000**	**Employee share-based compensation reserve HK$'000**	**Retained earnings HK$'000**	**Total HK$'000**
At 1 April 2021	1,412,707	(5,466)	11,783	53,473	397,641	1,870,138
Loss and total comprehensive loss for the year	–	–	–	–	(2,837)	(2,837)
Share award scheme:						
Value of employee services	–	–	–	324	–	324
Vesting of shares under share award scheme	–	950	–	(449)	(501)	–
Employee share option scheme:						
Lapse of share options	–	–	–	(37,761)	37,761	–
Unclaimed dividends forfeited	–	–	–	–	380	380
Total transactions with owners, recognised directly in equity	–	950	–	(37,886)	37,640	704
At 31 March 2022	**1,412,707**	**(4,516)**	**11,783**	**15,587**	**432,444**	**1,868,005**

	Share premium HK$'000	Shares held under the Share Award Scheme HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2020	1,412,707	(7,914)	11,783	56,678	397,192	1,870,446
Loss and total comprehensive loss for the year	–	–	–	–	(1,509)	(1,509)
Share award scheme:						
Value of employee services	–	–	–	773	–	773
Vesting of shares under share award scheme	–	2,448	–	(1,456)	(992)	–
Employee share option scheme:						
Value of employee services	–	–	–	8	–	8
Lapse of share options	–	–	–	(2,530)	2,530	–
Unclaimed dividends forfeited	–	–	–	–	420	420
Total transactions with owners, recognised directly in equity	–	2,448	–	(3,205)	1,958	1,201
At 31 March 2021	1,412,707	(5,466)	11,783	53,473	397,641	1,870,138

GLOSSARY

AGM(s)	Annual general meetings of the Company
Board	Board of directors of the Company
CEO	Chief Executive officer of the Company
CFO	Chief Financial officer of the Company
CG Code	Corporate Governance Code, Appendix 14 of the Listing Rules
Code Provision(s)	Code Provisions in the CG Code
Company, Sa Sa, Sa Sa Group, Group, we or us	Sa Sa international Holdings Limited, and, except where the context indicates otherwise, its subsidiaries
Corporate Communication(s)	Any document issued or to be issued by the Company for the information or action of holders of any securities of the Company, including but not limited to annual and interim reports, notice of meeting, listing document, circular and proxy form
Director(s)	Director(s) of the Company, including all executive, non-executive and independent non-executive directors
ERM	Enterprise Risk Management
HKExnews website	http://www.hkexnews.hk
Hong Kong, Hong Kong SAR, HK or HKSAR	The Hong Kong Special Administrative Region of the People's Republic of China
Listing rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Macau or Macau SAR	The Macau Special Administrative region of the People's Republic of China
Mainland or Mainland China	The People's Republic of China excluding Hong Kong, Macau and Taiwan
Model Code	Model Code for Securities transactions by Directors of Listed issuers, Appendix 10 of the Listing Rules
PRC	The People's Republic of China
PwC, auditor, external auditor or independent auditor	PricewaterhouseCoopers
SFO	Securities and Futures Ordinance, Cap.571
Share(s)	Share(s) of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
The Company's website	http://corp.sasa.com

CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr KWOK Siu Ming Simon, *SBS, JP* (Chairman and CEO)
Dr KWOK LAW Kwai Chun Eleanor, *BBS, JP* (Vice-chairman)
Dr LOOK Guy (CFO)
Ms KWOK Sze Wai Melody, *MH*
Mr HO Danny Wing Fi (Co-CFO)

Non-executive Director

Ms LEE Yun Chun Marie-Christine

Independent Non-executive Directors

Ms KI Man Fung Leonie, *GBS, SBS, JP*
Mr TAN Wee Seng
Mr CHAN Hiu Fung Nicholas, *MH, JP*

Company Secretary

Ms MAK Sum Wun Simmy

Head Office

8th Floor, Block B, MP Industrial Centre
18 Ka Yip Street
Chai Wan, Hong Kong SAR

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Auditor

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 54, Hopewell Centre,
183 Queen's Road East
Hong Kong SAR (before 15 August 2022) or
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong SAR (on or after 15 August 2022)
Tel: (852) 2980 1333
Fax: (852) 2810 8185
E-mail: is-enquiries@hk.tricorglobal.com
Website: www.tricoris.com

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Citibank, N. A.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Share Information

Stock code: 178
(The Stock Exchange of Hong Kong Limited)

Investor Relations

Corporate Communications and Investor Relations Department
Sa Sa International Holdings Limited
8th Floor, Block B, MP Industrial Centre
18 Ka Yip Street
Chai Wan, Hong Kong SAR
Investor Relations Hotline: (852) 2975 3638
Fax: (852) 2595 0797
E-mail: ir@sasa.com

Corporate Website

corp.sasa.com

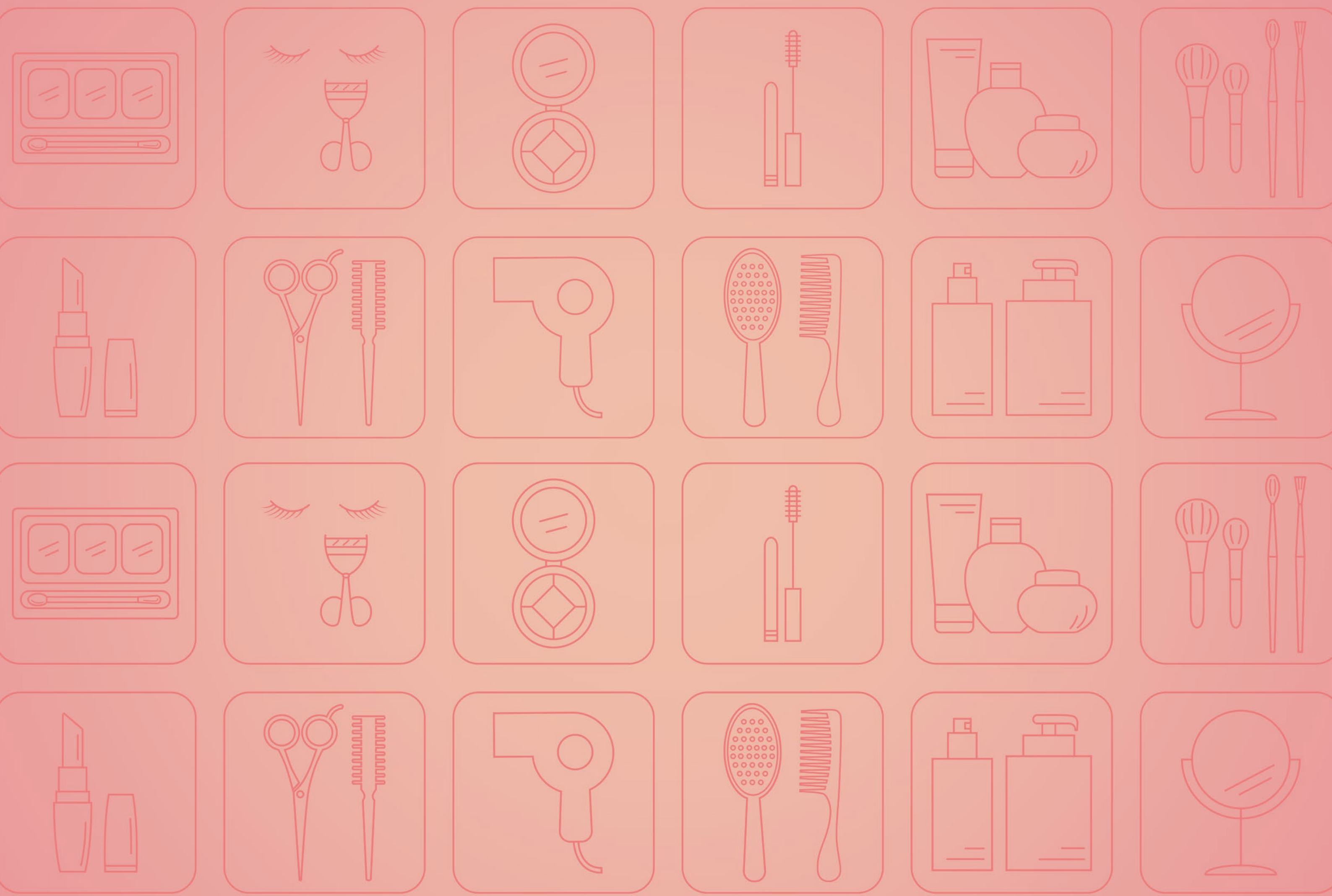
Shopping Site

www.sasa.com

This 2021/2022 Annual report is available in both English and Chinese, and in printed and electronic forms. Shareholders who (i) have received either the English or the Chinese version of the Annual report and wish to have a copy in the language different from the one that has been received; or (ii) wish to change the choice of means of receipt or language of the Corporate Communications to be received from the Company in future, may request to do so by completing and returning the Change request Form (which may be downloaded from the Company's website) by post or by hand to Tricor Abacus Limited ("Tricor"), the Company's branch share registrar and transfer office in Hong Kong. Tricor's address is at Level 54, Hopewell Centre, 183 Queen's road East, Hong Kong (before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (on or after 15 August 2022) . The scanned copy of the completed Change request Form may also be returned to Tricor by email at sasa-ecom@hk.tricorglobal.com.

This Annual report and other Corporate Communications are now available on the Company's website at http://corp.sasa.com and the HKExnews website of the Stock Exchange at http://www.hkexnews.hk. If Shareholders have difficulty in receiving or gaining access to the same through the above means for any reason, the Company will promptly upon receiving the Change request Form send the printed version of the requested document(s) to the Shareholders free of charge.

As an environment-conscious corporate citizen, the Company encourages Shareholders to access the Corporate Communications via the Company's or HKExnews website. The Company's website presents a user-friendly interface in English and Chinese, and all Corporate Communications are easily accessible in the "investor relations" section following their releases.



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SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

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Shares of Sa Sa International Holdings Limited are traded on
The Stock Exchange of Hong Kong Limited (Stock Code: 178)