45th Sasa Anniversary

Connecting Hearts
Exploring Beauty

FLY ME TO THE PINK

2022/23
ANNUAL REPORT

SA SA INTERNATIONAL HOLDINGS LIMITED
STOCK CODE: 178

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 Southeast Asia. We position ourselves as one-stop beauty product specialty platform with a business focus on "Beauty". We provide diverse and quality products under more than 600 brands ranging from skincare, fragrance, make-up, hair care and body care, inner beauty products as well as beauty equipment.

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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FINANCIAL HIGHLIGHTS

For the year ended 31 March 2023

	YoY change	
Turnover	▲ 2.6%	HK$3,500.5 million
Gross profit margin	▲ 3.1 ppt	40.0%
Gross profit	▲ 11.2%	HK$1,401.4 million
Profit for the year	▲ HK$402.0 million	HK$58.2 million
Basic earnings per share	▲ 13.0 HK cents	1.9 HK cents

Solid Financial Position
(as of 31 March 2023)

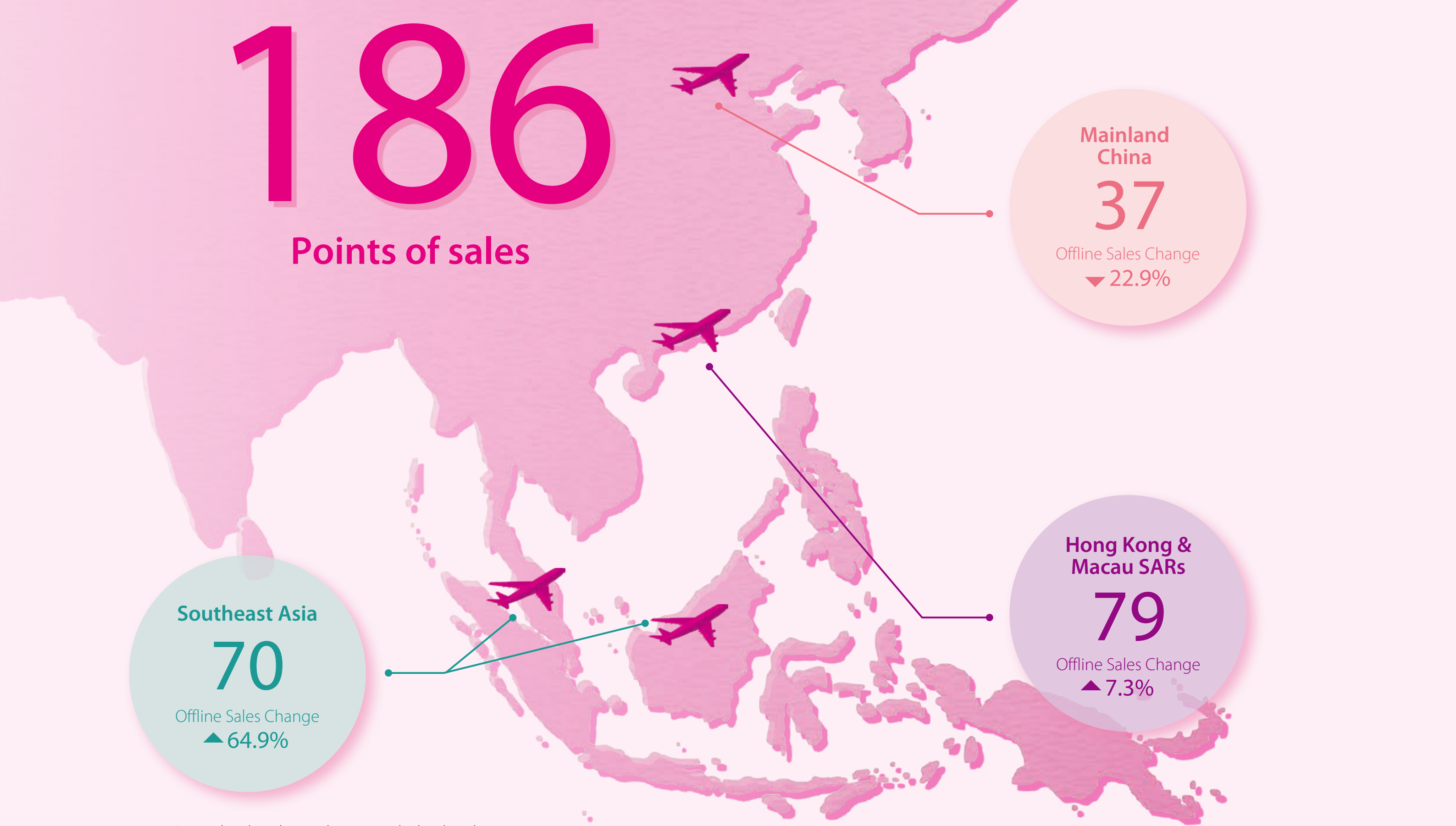
	YoY change	
Net cash and bank balances	▲ HK$79.0 million	HK$273.3 million
Gearing ratio (Defined as the ratio of total borrowings to total equity)		2.9%
Current ratio (times)		1.5

OUR FOOTPRINT IN ASIA

As of 31 March 2023

186

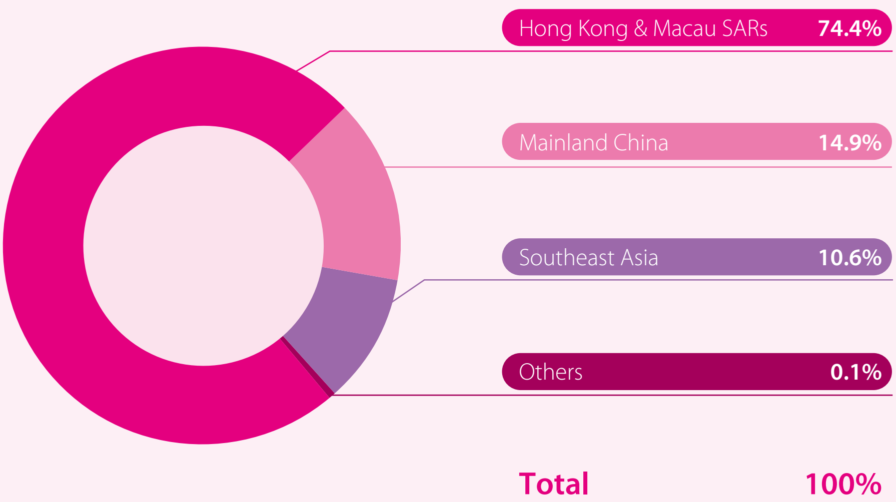
Points of sales



Remark : The above data is settled in local currency

Group Geographical Sales Mix

For the year ended 31 March 2023



Beautiful Platforms

LINK MORE

We are actively seeking partnerships with brands and enhancing its portfolio of exclusive brands and develop these brands with the brand owners. We review the core product categories to ensure trending brands and products in place.


SUISSE
PROGRAMME
GIGAWHITE
PEARL SERUM
SERUM DE PERLE
GIGAWHITE
SUISSE
PROGRAMME
– ADVANCED –
CELLULAR
BOOSTING SOLUTION
SOLUTION COUP DE
FOUET CELLULAIRE
SUISSE
PROGRAMME
COLLAGEX PREMIER
NATIVE COLLAGEN
SERUM MIST
BRUME DE SERUM
AU COLLAGENE PUR
SUISSE
PROGRAMME
THE RICH CREAM
LA CREME RICHE

Beautiful Services

ENJOY SHOPPING

We focus on advancing OMO strategy integrating online platforms with the retail network as well as creating an online community with promotion of exclusive brands to provide customers with an enhanced and seamless shopping experience.


Eleanor
LUXURY
BEAUTY ELIXIR

Beautiful Experiences

SHOP SIMPLE

Sa Sa has over 45-year experience on sourcing of brands and products and commit to a 30-day return policy with assured product and service quality. Our team of professional beauty consultants operating both offline and online can also help to present the brand story and product to customers.


어용감 한방
Youth Vitality
Revival Ginseng Facial Oil
Youth Vitality
Reviving Activating Serum
Youth Vitality
Ageless Neck
Youth Vitality
Reinforcing Royal Cream

OUR STRATEGY

Our Strategic Framework

In the past 45 years, Sa Sa has established a prominent presence in the beauty and personal care retail industry in Asia. As a multi-brand beauty retailer, we take pride in our ability to recommend products that are most suitable for our customers. Our network of highly experienced beauty consultants is one of the most valuable assets and a unique point of difference that helps us provide superb services to our customers.

Sa Sa is committed to fostering sustainable business growth and increasing value to our stakeholders, leveraging our strengths built-up over the years. "**Making Life Beautiful**" remains our core purpose, and we will look to deliver this through investing in four key areas that enable our three strategic pillars.

Purpose — **Making Life Beautiful**

Strategy

1 DESIRED ASSORTMENT	2 ACCESSIBLE & ENGAGING	3 ASPIRATIONAL BRANDS
Excellent Business Partnering with Brands & Suppliers to drive value creation through product assortment and deliver at leading efficiency	Build a consumer centric engagement experience embedding our route-to-market strategy to the consumer journey	Invest and nurture portfolio of Exclusive Brands

ENABLERS

People	**Culture and Talent Development**
Digitalisation	**Customer Journey Digitalisation**
Partnerships	**Industry Players**
ESG	**Environment, Social and Governance**

Strategic Pillars

Desired Assortment

Firstly, we will partner more closely with brand owners and suppliers to drive value from building a product assortment that excites our consumers. Consumers come to Sa Sa to "make their lives beautiful". We endeavour to provide customers with the hottest, trendiest, and newest products to help them stay on top of the trends in the beauty and personal care world. This is also crucial for Sa Sa in attracting new customers and boosting repurchases from our existing strong member base. By strengthening our overall category management, looking closely at how we manage inventory, and leveraging our experienced sourcing team and data analytics, it will enable us to cater for the fast-changing consumer preferences and to maintain healthy product structure and gross margins.

Some of the Group's latest Exclusive brands

Clean Beauty brand "Abib"

Clean Beauty make up brand "rom&nd"

Dermatological brand "Rexaline"

Body Care brand "plu"

Accessible & Engaging

Secondly, we will look to embed our route-to-consumer strategy around the changing consumer journey to ensure we meet the consumer where they appear and provide them with the choices they need, be it online or offline or a hybrid of both (OMO). Consumer centricity has always been part of Sa Sa's DNA and we aim to elevate this in the new world by providing a seamless consumer experience as consumers increasingly adopt different journeys to explore and purchase. We will focus on extending the strengths we have built-up, from our extensive network of brick-and-mortar offline stores to wide range of online platforms, and continue to invest and strengthen our management of them. We also continue to explore and embrace what online makes possible that offline cannot, for example livestreaming, and building "endless aisle" to cater for all kinds of customer needs. Customers can access product information, gain firsthand experience and connect with our professional beauty consultants for beauty tips, then make orders via online or offline channels according to their preferences, enjoying a truly customer-centric omni-channel shopping experience.

Offline Channels (Retail Stores)

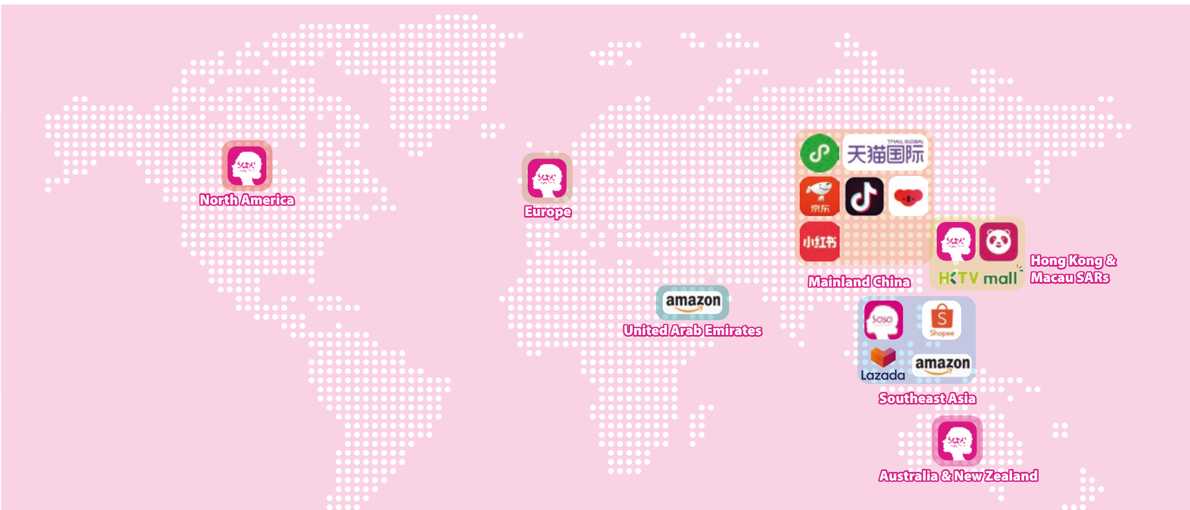
As at 31 March 2023, the Group has 186 retail outlets in the following geographies:

79 Hong Kong and Macau SARs

37 Mainland China

70 Southeast Asia

Online Sales Channels



Social Media Platform

We also stay connected with our customers via multiple social networking platforms, and share our latest company, brand, product, shop, and channel information.

Aspirational Brands

Thirdly, we will be looking to increase our portfolio of managed and exclusive brands, investing in and nurturing these brands to truly showcase their brand value and hero products. Sa Sa has a high degree of discretion and autonomy in its exclusive products in all respects including strategy, positioning, marketing communications, pricing, and sales channels. Management believes in building brand equity for our exclusive products, we have strategic control over the brand portfolio and seek to improve product competitiveness and gross profit margin. This would help the Group strengthen our point of difference as a multi-brand retailer, and attract future brand partnerships. Given our extensive portfolio covering a wide range of price points, this will also allow us to better cater to the changing needs of different customers. We will invest in our marketing capability, including greater pulse on consumer trends, consumer interaction via membership platform, engaging the Sa Sa community and enhancing our social media presence.

Collaborating with Suisse Programme on the marketing campaign of the brand's new hero product launch

Collaborating with Dr.G to set up the South Korea's derma skin care brand's shop-in-shop in our boutique

As of 31 March 2023, 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:

Exclusive Brands | ***Local Supplies*** | ***Parallel Imports***

We are dedicated to sourcing a wide range of quality brands and genuine products that cater for everyone's beauty needs. Both online and offline customers enjoy a 30-day Purchase Guarantee when they shop with us.

Participated in HKSARG Intellectual Property Department's "No Fakes Pledge" Scheme for 20+ years

Recognised under "The Quality Tourism Services Scheme" by Hong Kong Tourism Board

Recognised under the "Hong Kong Q-Mark Service Scheme" by Hong Kong Q-Mark Service Council

All Sa Sa customers, purchased from offline stores or on online site, enjoy 30-day purchase guarantee

Exclusive Brands

Skin Care

Abib
AHAVA
Anua
BANILA CO
b·liv
Cell Fusion C
CHRISTIAN LAURENT
COLLISTAR
CREMORLAB
Derma:B
Dr.Jart+
Eleanor
Elizabeth Arden
어용감
GOONGBE
Haruhada
KOCOSTAR
La Colline
La Estephe
MAKHAMTHAI
MEDIHEAL
MÉTHODE JEANNE PIAUBERT
Méthode SWISS
Neogence
NEUE PROFESSIONAL
NOV
sasatinnie
skin79
skybottle
Snp
Soo Beauté
suiskin
SUISSE PROGRAMME
TALIKA
TEAOLOGY
VT COSMETICS

Make Up

BANILA CO
COLOR COMBOS
Cyber Colors
dasique
Dinto
Eleanor
espoir
PUPA MILANO
rom&nd
sasatinnie

Fragrance

Abercrombie & Fitch
ANGEL SCHLESSER
UNITED COLORS OF BENETTON.
BENTLEY
CR7
DSQUARED2
dunhill
Elizabeth Arden
GUESS
HOLLISTER
JAGUAR
john varvatos
LOVE PASSPORT
MANDARINA DUCK
PRINCESSE MARINA DE BOURBON
Mercedes-Benz Perfume.
PERRY ELLIS
POLICE
RALPH LAUREN FRAGRANCES
Salvatore Ferragamo
TOUS
TRUSSARDI
VENUS SPA
VICTORINOX

Personal Care

Dr.FORHAIR
FRUDIA
giovanni
肌っ子
NATURALLY EUROPEAN
PERLIER
plu
samourai woman
Rituelle

Our Enablers

To enable us to succeed across all three pillars, we will continue to invest sustainably in building the best-fit culture and nurturing talent to execute the ambition; executing digitalisation projects that will enhance consumer experience and allow Sa Sa to better serve our consumers; developing partnerships with brands and various industry players; and enhancing our ESG policies to ensure we act responsibly as a group and contribute a positive impact on society.

Culture and Talent Development

"Joy at Sa Sa" has long been the group's company culture, we hope to build a family like community full of warmth and joy, where we support our employees to grow and excel, and empower them to pursue personal and career prospects. With the two-way interaction between the company and our employees, it's our key mission to provide with them exciting career development opportunities, equip them with the best skillsets to address current and future challenges, and promote a balanced and joyful lifestyle. Further details of our talent development plans can be found on page 110-116.

A core theme within our culture is "as one" – it's of utmost importance that we ensure the consistency in how we manage, how we serve and value our customers, and how we partner with brands and nurture their growth.

Customer Journey Digitalisation

NEXT-GEN CRM

Unifying Sa Sa's CRM mechanism to provide a consistent user experience across Hong Kong & Macau SARs, Mainland China, and Southeast Asia, for customers from both online and offline. We aim to redefine various customer journey interactions that cover recruitment, registration, retainment, and referral to increase customer lifetime value. With enriched product content, consumer review functions, and value-added services (e.g., skin test and personalised product recommendations), we hope to build an interactive and close community of Sa Sa members, while Sa Sa also get to develop deeper understanding of for future engagements.

OMO EXPANSION

With customers demanding more convenient shopping experience and seamless online & offline integration, we continuously revamp the end-to-end process of BOPIS (Buy Online Pick-up In Store) through enhanced OMO model. Technological capability upgrade and external partnerships with parties, such as payment gateways and delivery service providers, are key to allowing us to cater for more diversified purchase journeys and opening up more pick-up locations. Given our advantage in brick-and-mortar stores, we will also focus on equipping our professional beauty consultants with the right tools to assist them in recruiting offline customers to our online channels for omni-channel engagements.

EXPERIENCE ORIENTED RETAIL STORES

Customers are increasingly seeking for unique experiences and space for self-exploration. This change in their needs guides us in reshaping the in-store experience we aim to provide. Implementing QR-code based retail, in-store skin test, etc. are some of the areas we are exploring. We will also be deploying technologies such as heatmap and operation productivity analysis, to enable our management to make more informed decisions and further elevate the shoppers' experience.

DATA ANALYTICS PLATFORM

Centralise our data management platform (master data, key figures, processes, tech solutions and governance) to group level for more holistic data-based management, covering both financial and non-financial data. This should enable and encourage more efficient and accurate data-based decision making in daily business operations and improve collaborations between our various functions and teams. Not only this will better support us in developing a more in-depth understanding of our consumers, but this will also assist management to better track performance and set priorities for the group moving forward.

Partnership with Industry Players

We develop mutually beneficial long-term strategic partnerships with our suppliers and business partners to enable sustained long-term growth and win-win outcomes. Our approach to partnerships allows a building of trust as we continue to build a diversified brand portfolio comprising quality products. Sa Sa has a very unique role as a multi-brand retailer, to expand beyond bilateral brand partnerships, connecting and creating synergies between the various brands that we carry, and to partner with other types of organisations that play a role in the industry. Brand owners trust us with their brands, and we seek to repay that trust not only with sales but a holistic approach to ensure the brand story is clearly communicated and well represented in our offline and online stores.

"Korean Beauty Parade" jointly held by Sa Sa and KOTRA (Korea Trade-Investment Promotion Agency) to celebrate the 30th anniversary of establishment of diplomatic relations between China and South Korea in 2022

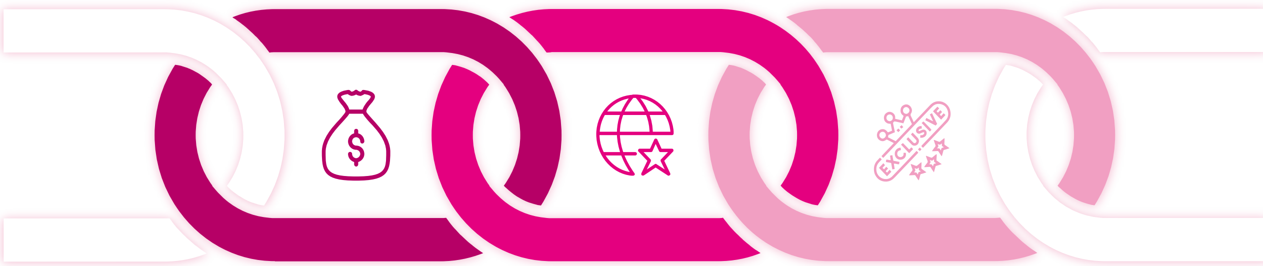
"Scent Sensation Fragrance Fair" held by Sa Sa in Malaysia, collaborating with multiple brands like Versace, Mercedes-Benz, Marc Jacobs, Calvin Klein, Hugo Boss, etc. to bring to our customers a very diversified fragrance shopping experience

Environment, Social and Governance

ESG considerations and objectives are embedded within the management of our business, including but not limited to the sourcing of Clean Beauty products, please refer to our 12th ESG report from page 90-133 for more details.

Our Business Goals

With the strategy set in place and dedicating investments in our enablers, we are laser focused on achieving established business goals, raising our gross profit margin to fund further reinvestment, scaling up markets and channels outside of our core of offline in Hong Kong and Macau SARs for a more diversified revenue profile, and growing our exclusive brands portfolio and sales mix for long-term growth and profitability.



Gross Profit

Raise our top line gross profit margin to fund further reinvestment for more sustainable business growth and profitability, maximising long-lasting value to our stakeholders

Revenue Streams

Further scale up businesses in markets and channels beyond the core of Hong Kong & Macau SARs, to unleash the Group's potentials and diversify our revenue profile

Exclusive Brands

Grow Exclusive Brand's portfolio and sales mix to increase Sa Sa's customer stickiness, for a long-term growth and profitability, and to attract more top-notch brands as partners

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 Amazon United Arab Emirates and Singapore.
- Launched on foodpanda mall.
- Opening of Sa Sa Flagship Store on Neigbuy.com.

2023

- 45th anniversary of the Group.

OUR AWARDS AND RECOGNITIONS

Corporate Governance And Management

Sa Sa has clinched the "Overall Best IR Company" and eight other awards in the small-cap category at the 8th Investor Relations Awards organised by Hong Kong Investor Relations Association ("HKIRA"):

- Overall Best IR Company
- Best IR Company
- Best IR by Chairman/CEO – Dr Simon Kwok, Chairman and Chief Executive Officer
- Best IR by CFO
- Best IR Team
- Best Investor Meeting
- Best Investor Presentation Materials
- Best Annual Report
- Best IRO (Investor Relations Officer)

The Company received a Special Mention for Corporate Governance in the Non-Hang Seng Index (Small Market Capitalization) Category at the Best Corporate Governance and ESG Awards 2022 by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), recognising Sa Sa's strong effort in the aspect of corporate governance.

Sa Sa clinches the Hang Seng University of Hong Kong's ("HSUHK") 11th Junzi Corporation Award, which commends the Group for its commitment to a high level of business ethics and its fulfilment of corporate social responsibilities.

Corporate Social Responsibility

Being awarded the Caring Company logo for 18 consecutive years, Sa Sa received the "15 Year Plus Caring Company Logo" in 2023.

Sa Sa was honoured as "Consumer Caring Company" once again in the "Consumer Caring Scheme 2022" organised by GS1 Hong Kong.

We were accredited as Manpower Developer from 2011 to 2022 by the Employees Retraining Board, and acknowledged as "Super MD" in 2023.

Service Excellence

Sa Sa Beauty was awarded the "Quality Service Retailer of the Year" Silver Award in Flagship Stores Category, and the Category Award (Beauty Products/Cosmetics) at the "HKRMA Quality Service Programme 2022" organised by the Hong Kong Retail Management Association ("HKRMA").

The Group received several prestigious awards in Cosmetics, Personal Care Products and Specialty Store category at Outstanding QTS Merchant and Service Staff Awards 2022 by the Hong Kong Tourism Board:

Sa Sa Cosmetic

- Outstanding QTS Merchant Award (Silver Award)
- 20-year QTS Merchant Recognition (2020)

La Colline

- Outstanding QTS Merchant Award (Gold Award)
- 20-year QTS Merchant Recognition (2021)

Outstanding QTS Merchant Service Staff Award

- Supervisory (Merit)
- Frontline Staff (Gold & Bronze)

E-commerce & Innovation

Sa Sa Dot Com received the "Top 10 E-Shops" Award in Beauty Products/Cosmetics Category at the "Top 10 Quality E-Shop Award 2022" organised by HKRMA. We are recognised as "Quality Trusted E-shop" in the All-round Plan under HKRMA Quality E-Shop Recognition Scheme 2023.

Sa Sa Wechat mini-programme received several accolades from Tencent Smart Retail:

- Global User Operations Whitepaper
- Merchant Platform Strategic Partner 2022
- Omni Channel Value Ranking 2022
- Action Multiplied 2022 – Brand Breakthrough Award

Sa Sa's e-commerce rankings:

Douyin
- Douyin Annual Gold List of Trendy Products – sasatinnie Advanced Water Glow Essence Mask (Dec 2022)

JD Global
- Top 2 in facial skincare of overseas buyers in JD Worldwide (Jun 2022)

Shopee (Singapore)
- Top 1 seller in Shopee beauty skincare category (2022)

Sa Sa dot Com won the "Best Native Ad Campaign – Outstanding" in Yahoo Asia Big Idea Chair Awards 2022.

Sa Sa Official Store in Lazada received outstanding Global seller awards among all cross border sellers based on sales performance/Market Influence/GMV in FY2021/22.

Award Presented to Sa Sa's Exclusive Products

Hong Kong SAR

Buzz KOL Award 2022

KOL Top Picks Ginseng Skincare
Eoyunggam

KOL Top Picks Mask
sasatinnie

Cosmo Cert

Suisse Programme The Rich Cream

Malaysia

CITTA BELLA Beauty Awards 2022

Best Treatment Essence
Suisse Programme Advanced Cellular Boosting Solution

Best Men's Care
Dr.G R.E.D Blemish for Men All-In-One Cream

Best Men's Fragrance
Mercedes-Benz Sign Eau de Parfum

TEN-YEAR FINANCIAL SUMMARY

For the year ended 31 Mar

Consolidated Income Statement

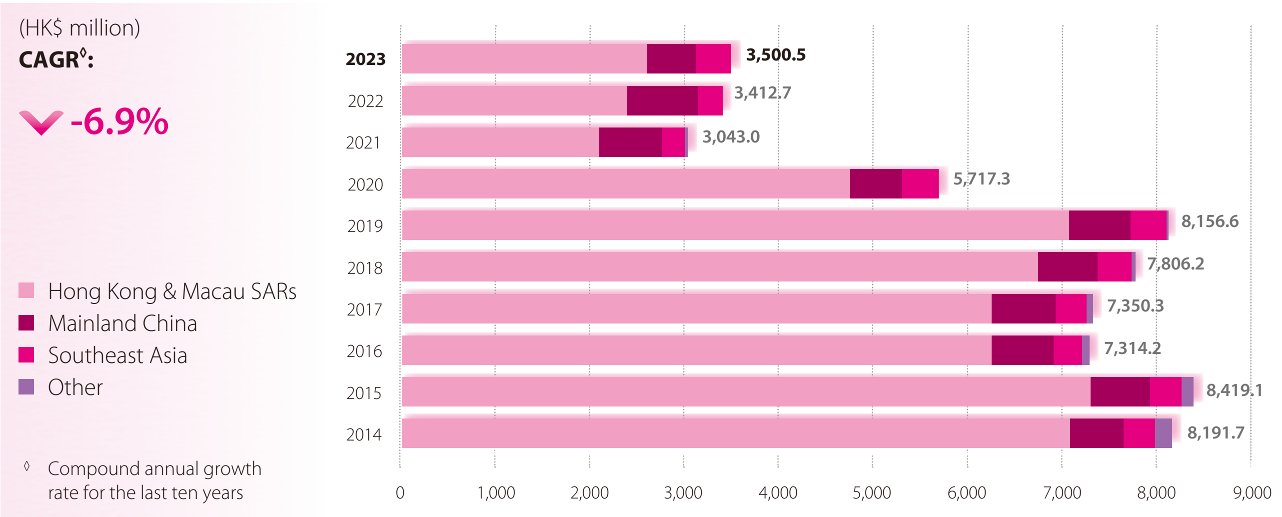
	< Note 2 > 2023 HK$'000	< Note 2 > 2022 HK$'000	< Note 2 > 2021 HK$'000	< Note 2 > 2020 HK$'000	2019 HK$'000 Restated	2018 HK$'000 Restated	2017 HK$'000 Restated	< Note 1 > 2016 HK$'000 Restated	< Note 1 > 2015 HK$'000 Restated	< Note 1 > 2014 HK$'000 Restated
Turnover										
– Continuing operations	**3,500,525**	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
– Discontinued operations	**-**	–	–	253,222	232,562	424,611	395,803	477,093	532,899	539,024
	3,500,525	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
Gross profit										
– Continuing operations	**1,401,360**	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
– Discontinued operations	**-**	–	–	121,659	104,439	195,112	174,657	216,137	242,978	257,542
	1,401,360	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
Gross profit margin										
– Continuing operations	**40.0%**	36.9%	34.6%	36.4%	40.7%	41.9%	41.6%	43.2%	45.4%	46.9%
– Discontinued operations	**-**	–	–	48.0%	44.9%	46.0%	44.1%	45.3%	45.6%	47.8%
	40.0%	36.9%	34.6%	36.9%	40.8%	42.1%	41.7%	43.3%	45.4%	47.0%
Operating profit/(loss)										
– Continuing operations	**1,486**	(328,096)	(391,481)	(553,425)	561,739	563,484	435,299	489,735	1,013,245	1,126,819
– Discontinued operations	**-**	–	7,922	(40,036)	(20,296)	(38,472)	(40,006)	(28,660)	(21,457)	(13,313)
	1,486	(328,096)	(383,559)	(593,461)	541,443	525,012	395,293	461,075	991,788	1,113,506
Profit/(loss) for the year										
– Continuing operations	**58,247**	(343,732)	(359,298)	(475,082)	490,917	479,778	366,476	411,841	859,962	950,986
– Discontinued operations	**-**	–	7,930	(40,854)	(20,165)	(39,658)	(39,771)	(28,371)	(21,151)	(15,751)
	58,247	(343,732)	(351,368)	(515,936)	470,752	440,120	326,705	383,470	838,811	935,235
Profit margin										
– Continuing operations	**1.7%**	–10.1%	–11.8%	–8.3%	6.0%	6.1%	5.0%	5.6%	10.2%	11.6%
– Discontinued operations	**-**	–	–	–16.1%	–8.7%	–9.3%	–10.0%	–5.9%	–4.0%	–2.9%
	1.7%	–10.1%	–11.5%	–8.6%	5.6%	5.3%	4.2%	4.9%	9.4%	10.7%

Consolidated Statement of Financial Position

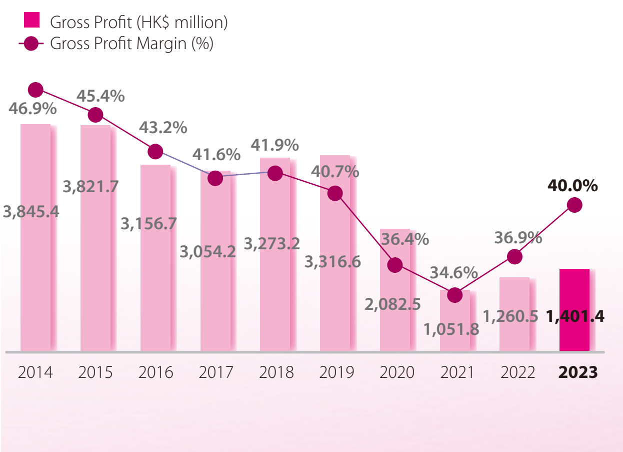
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total assets	**2,213,327**	2,086,823	2,510,882	3,267,187	3,406,480	3,577,048	2,929,077	2,971,503	3,390,073	3,237,427
Total liabilities	**(1,172,146)**	(1,103,915)	(1,180,739)	(1,602,875)	(919,872)	(1,094,208)	(709,911)	(683,217)	(915,565)	(912,298)
Net assets	**1,041,181**	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
Shareholders' funds										
Share capital	**310,319**	310,319	310,319	310,319	309,560	303,885	299,444	289,213	284,468	284,306
Reserves	**730,862**	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
Total equity	**1,041,181**	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

Continuing operations

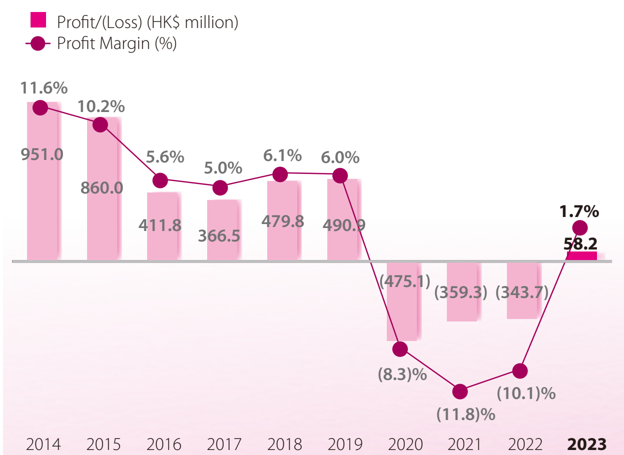
Turnover



Gross Profit and Gross Profit Margin

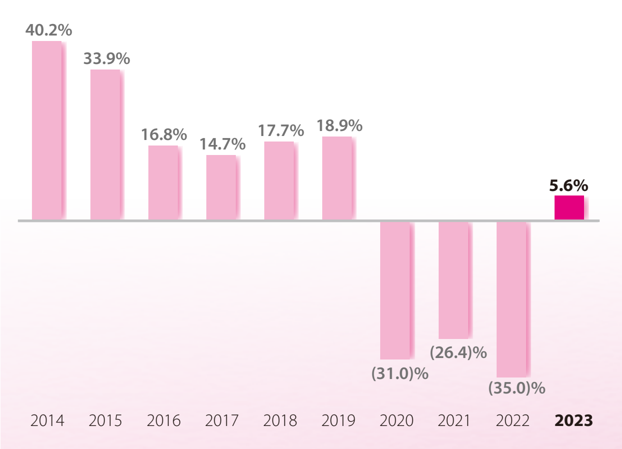


Profit/(Loss) and Profit Margin



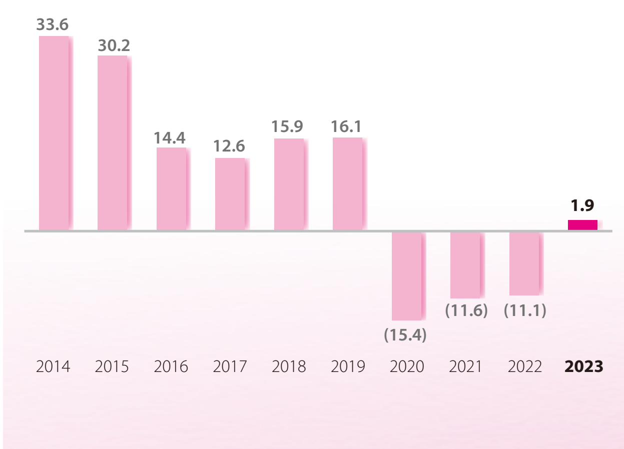
Return on Equity

(Including discontinued operation)



Basic Earnings/(Loss) Per Share

(HK cents)



For the year ended 31 Mar

Consolidated Statement of Cash Flows

	< Note 2 > 2023 HK$'000	< Note 2 > 2022 HK$'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
Net cash generated/(used in) from operating activities (including payment of lease liabilities and interest) (Note 3)	**144,593**	(274,718)	(79,776)	(125,905)	346,233	748,214	356,723	578,922	1,069,606	1,021,080

Per Share Data and Key Ratios

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Basic earnings/(loss) per share (HK cents)										
– Continuing operations	**1.9**	(11.1)	(11.6)	(15.4)	16.1	15.9	12.6	14.4	30.2	33.6
– Discontinued operations	**-**	–	0.3	(1.3)	(0.7)	(1.3)	(1.4)	(1.0)	(0.7)	(0.6)
	1.9	(11.1)	(11.3)	(16.7)	15.4	14.6	11.2	13.4	29.5	33.0
Diluted earnings/(loss) per share (HK cents)										
– Continuing operations	**1.9**	(11.1)	(11.6)	(15.4)	16.1	15.9	12.6	14.4	30.2	33.5
– Discontinued operations	**-**	–	0.3	(1.3)	(0.7)	(1.3)	(1.4)	(1.0)	(0.7)	(0.6)
	1.9	(11.1)	(11.3)	(16.7)	15.4	14.6	11.2	13.4	29.5	32.9
Return on equity	**5.6%**	–35.0%	–26.4%	–31.0%	18.9%	17.7%	14.7%	16.8%	33.9%	40.2%
Dividend per share (HK cents)										
Basic	**-**	–	–	–	16.0	14.5	13.0	14.0	14.0	13.5
Special	**-**	–	–	–	–	3.0	4.0	9.5	9.5	10.0
Total	**-**	–	–	–	16.0	17.5	17.0	23.5	23.5	23.5
Dividend payout ratio	**-**	–	–	–	105.2%	120.7%	154.9%	176.1%	79.7%	71.4%
Dividend yield as at 31 Mar	**-**	–	–	–	6.0%	4.3%	5.6%	9.8%	6.2%	3.8%
Closing share price as at 31 Mar (HK$)	**1.84**	1.39	1.78	1.16	2.68	4.06	3.06	2.41	3.79	6.22
Price/Earnings (times)	**98.0**	N/A	N/A	N/A	17.4	27.8	27.4	17.9	12.8	18.8
Net assets value per share (HK$)	**0.3**	0.3	0.4	0.5	0.8	0.8	0.7	0.8	0.9	0.8
Current ratio (times)	**1.5**	1.5	1.9	1.9	3.3	3.0	3.8	3.9	3.3	3.0
Gearing ratio (defined as the ratio of total borrowings to total equity)	**2.9%**	10.4%	–	–	–	–	–	–	–	3.4%

Operational Data

	< Note 2 > **2023** **HK$'000**	< Note 2 > 2022 HK$'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
Number of retail outlets for the continuing operations	**186**	234	232	235	253	245	243	236	234	229
Total gross retail area for the continuing operations (rounded to the nearest thousand sq ft) (Note 4)	**373,000**	447,000	458,000	477,000	526,000	529,000	544,000	530,000	539,000	562,000
Stock turnover days	**116**	127	140	101	104	102	99	91	103	108
Number of employees (rounded to the nearest hundred)	**2,600**	3,100	3,200	3,700	4,700	4,800	4,900	4,900	5,000	5,000

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

We stay agile to adapt to the 'new norm' as the economies in the region rebalance, and we are on the path of profitability while growing our business responsibly.

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

During the year ended 31 March 2023 (the "Financial Year"), the Group's turnover increased by 2.6% to HK$3,500.5 million. Profit for the year was HK$58.2 million, a significant turnaround compared to a loss of HK$343.7 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, recognition of a deferred tax asset in respect of prior years' tax losses in Hong Kong and Macau SARs and the accrued past service costs due to change in the offsetting arrangement under the mandatory provident fund, the Group's loss for the Financial Year improved by 81.7% from the previous year.

The Group's basic earnings per share was 1.9 HK cents (2022: basic loss per share of 11.1 HK cents). Given the Group has only just emerged from the challenges brought about by the pandemic in the core markets where the Group operates, 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 (2022: Nil).

The business operations and financial performance of Sa Sa International Holdings Limited, has been a tale of four quarters.

The first half year saw Covid-19 pandemic continue its disruptive impact in our home base, Hong Kong and Macau SARs, with Mainland China also succumbing. Focus turned towards government policy with social distancing and closed boundaries restricting travel, changing demand for product categories and dampening consumer sentiment. With tourist traffic into Hong Kong SAR virtually zero, reliance was solely on local consumption that was also challenged due to the poor general economic environment. During this time, we carried out stringent cost and inventory management measures to improve profitability and conserve working capital. The Group adopted a mindset of achieving sustainable profit in spite of the tough operating environment and took measures to lower the breakeven point significantly. This included adoption of zero-based budgeting practices and tighter working capital management policies to navigate through the headwinds. The Group minimised unnecessary and non-productive expenses to reduce fixed costs of our offices and stores and implemented a series of initiatives to optimise its operations including acceleration of digitalisation, optimise people structures and enhance operational efficiency. These initiatives remain in place and enhance the Group's competitiveness and enable the Group to become more resilient and achieve sustainable business growth as tourists return gradually.

By the third quarter, the Group's execution of cost management and margin expansion policies had taken effect, and recorded a profit of HK$5.5 million, the first quarterly profit since the pandemic took hold. The fourth quarter saw a gradual easing of social distancing measures and re-opening of boundaries between Hong Kong and Macau SARs with Mainland China leading to a gradual return of tourism to our core markets of Hong Kong and Macau SARs. The fourth quarter also saw Mainland China easing social distancing measures and our online and offline operations were no longer significantly impacted by disruptions to logistics and quarantine to store operations. The boost from the policy relaxation contributed to the Group recording a post-tax profit of HK$185.9 million in the fourth quarter with a pre-tax profit margin of 9.0%, and completed the business turnaround from loss in the first half year of HK$133.2 million to overall profit for the full Financial Year of HK$58.2 million.

Our total net cash balance as at 31 March 2023 increased to HK$273.3 million (2022: HK$194.2 million) with net cash generated from operating activities (less the payment of lease liabilities and interest) for the Financial Year increasing significantly by HK$419.3 million to HK$144.6 million largely through cost structure optimisation, gross margin expansion and management of inventory on hand. To further reinforce the Group's financial position, I and co-founder and controlling shareholder Dr Eleanor Kwok continue to provide a revolving loan facility of HK$200 million, 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$273.3 million at the end of the Financial Year combined with the undrawn available banking facilities of HK$240.2 million would be adequate for its current operating needs.

Hong Kong and Macau SARs

Total online and offline retail sales and wholesales ("Offline Sales") in Hong Kong and Macau SARs amounted to HK$2,603.8 million accounting for 74.4% of total Group sales for the Financial Year, and growing at 8.7% for the Financial Year. Within this sales in Hong Kong SAR grew at 18.4% while Macau SAR decreased by 13.2%.

For the first three quarters of the Financial Year, Hong Kong and Macau SARs sales performance were held back by the tough market conditions brought about by Covid-19 and social distancing measures, which severely impacted consumer sentiment and offline retail in general. The closure of boundaries with Mainland China, in particular, dented visitor arrivals from Mainland China, which remained low and as the Macau SAR relies on tourism, the lockdown had a far-reaching impact. Accordingly, for the nine-months ended 31 December 2022, Offline Sales in the Hong Kong and Macau SARs decreased by 8.5% to HK$1,560.5 million compared to the previous period, while same store sales decreased by 1.0% dragged down by Macau SAR.

The Group's business in the Macau SAR for the first nine-months ended 31 December 2022 was severely hit by a sharp spike in Covid-19 infection cases since late June 2022 and the first citywide lockdown in July 2022 that led to a significant decline in tourist visitors.

Prior to the reopening of boundaries with Mainland China, the Hong Kong SAR Government continued with the Consumption Voucher Scheme ("CVS") to bolster local consumer spending, however, the positive impact of such scheme to local retail spending diminished with each time as the amount of the CVS reduced.

Despite the challenge to the topline, by the third quarter, proactive measures taken to significantly adjust the Group's cost structures and management practices in Hong Kong and Macau SARs had taken effect, while sales and gross margin expansion initiatives through category management and increasing sales mix of exclusive brands also showed positive results. The net result was that the Group recorded a marginal profit in the third quarter in Hong Kong and Macau SARs serving primarily local customers.

Our online business in Hong Kong and Macau SARs enjoyed high double-digit growth during the Financial Year somewhat benefitting from social distancing measures and accounted for 8.9% of total sales in this market. We continue to enhance our product and service offering while we continue to adapt and leverage our offline store network and unique team of Sa Sa Professional Beauty Consultants to truly deliver online-merge-offline ("OMO") addressing the needs of modern consumers who are looking for a seamless experience wherever they appear.

Having achieved profitability without the reopening of the boundary with Mainland China and return of tourists, the Group was well positioned to take advantage of the relaxation of social distancing measures in the fourth quarter, delivering impressive operating leverage with the return of tourist sales. Tourism saw a significant boost and upside to the Group's Offline Sales performance in Hong Kong and Macau SARs, which grew 60.1% in the fourth quarter year-on-year on a pre-tax profit margin of 9.3%.

Mainland China

Overall, Offline Sales for the Financial Year was HK$225.2 million, a decrease of 22.9% in local currency compared to the previous year, while same store sales decreased by 11.6%. For the full Financial Year, the Group's loss in Mainland China decreased by 69.2% to HK$44.5 million compared to the previous financial year with the overall operating loss in the second half of the Financial Year narrowed significantly to HK$0.9 million from HK$43.6 million in the first half of the Financial Year.

Covid-19 pandemic had a major impact on the Group's operations in Mainland China in the first nine-months of the Financial Year, causing our underperformance in that market in terms of both sales and profit. The pandemic outbreaks in various parts of Mainland China prompted lockdowns in affected cities and towns, lowering foot traffic in our retail stores and forcing a suspension of operations in the worst cases. For the first three quarters, there was a total of 758 lost operating days across our store network due to quarantine. This has contributed to consumer sentiment hitting record lows with same-store sales in Mainland China suffering a double-digit decrease compared with the previous financial year.

In light of these circumstances and uncertainties at that time, the Group took a decision to right-size the Mainland China retail operations in the second quarter of the Financial Year and, the total number of stores in Mainland China was rationalised and reduced by 40 to 37 as at 31 March 2023. Proactive measures taken to significantly adjust the Group's cost structures and management practices in Mainland China had also taken effect, while management of inventory led to a gradual improvement in gross margin. This helped to significantly reduce the loss in the third quarter despite Covid-19 continuing to negatively impact the operating environment.

With the relaxation of social distancing measures in the fourth quarter consumers began to resume normal activity. Despite 40 less stores, by the fourth quarter, Offline Sales in Mainland China recovered to HK$61.5 million, an increase of 32.7% (in local currency) versus the previous quarter demonstrating a gradual and marginal recovery as Mainland China emerged from the pandemic. Same store sales growth for the fourth quarter was 5.1% (in local currency), which is an encouraging sign despite it will take time for consumer sentiment to improve.

Online sales in Mainland China decreased by 33.4% to HK$294.9 million for the Financial Year and was 56.7% of total sales in Mainland China. Online sales in Mainland China during the Financial Year continues to contribute the highest to the Group's total online sales at 49.0%. The first half of the Financial Year saw Covid-19 severely disrupting cross-boundary logistics arrangements into Mainland China, particularly for our online business, including restocking of our third-party warehouses and direct delivery to customers, disproportionately affecting cross boundary merchants. The delays in delivery resulted in a spike in order cancellations and sales returns during the first half of the Financial Year depressing the Group's online sales performance. Restrictions were also introduced restricting the import of fragrances, which we were unable to sell between October 2022 to February 2023.

Online remains a core part of our Mainland China strategy and aside from listings on all major third party ecommerce platforms, our professional beauty consultants connect with customers using Wechat mini-programme, and we also maintain our livestreaming team in Hong Kong SAR and Mainland China. Although still in its infancy, the Group's OMO strategies are contributing towards online sales growth and the Group is looking to accelerate its OMO development over the next financial year.

Southeast Asia

The Group's Offline Sales in Southeast Asia is operated through 70 stores in Malaysia. Malaysia was a bright spot for the Group throughout the year benefitting directly as a result of the government's relaxation of pandemic measures since 1 April 2022. The Group's business continued to rebound strongly growing 64.9% for the Financial Year on pre tax profit margin of 10.1% while recovering to 85% of pre-pandemic levels despite operating 70 stores vs. 81 pre-pandemic. Same store sales growth for the Financial Year was a very impressive 34.3%.

We continue to invest behind the development of our online business in Southeast Asia, which grew 9.0% for the Financial Year representing 19.4% of our total sales in Southeast Asia. While we are currently ranked number 1 among cross border merchants in the beauty and health category in Malaysia and Singapore on both Shopee and Lazada third-party ecommerce platforms, we have only just started to explore markets further afield such as the Philippines.

Future Outlook

Looking ahead, the retail sector in our core markets is expected to continue to recover gradually as travelling and tourism resumes in the region. However, the pace of such recovery, the impact of changing consumer tastes brought about by the pandemic, the rise of competing tourist destinations will all impact the extent and pace of such recovery for each market in the region.

The Group will continue to enhance its internal structures and risk management mechanisms to build resilience and be better able to manage external risks and leverage opportunities. Where the opportunity arises, the Group is seeking to expand its store network, particularly in tourist areas, to benefit from the return of tourism in the region so long as the economics make sense.

With the return of tourism and business growth in our core markets and Hong Kong and Macau SARs, attention has turned to expanding the store portfolio in tourist areas, recruitment of frontline employees and product category supply and management to service the demand. With the change in consumption patterns and behaviours since pre-pandemic, the Group will also look at its Asia footprint and most importantly Mainland China strategy in the second half of the next financial year.

Hong Kong and Macau SARs – Return of tourism driving growth

Tourist traffic so far is concentrated in our stores in traditional core tourist areas and has yet spread to other areas. Core Tourist Districts remain Tsimshatsui, Causeway Bay and Mongkok as well as in cross-boundary travel hubs at West Kowloon station and Lok Ma Chau station, where the Group currently has 18 stores (pre-pandemic period: 38 stores). Our tourist sales mix in the fourth quarter of the Financial Year in total and for core tourist areas was 25.3% and 45.4%, respectively compared with 70% in total pre pandemic. This recovery in tourist traffic in core tourist areas gives confidence over the future growth trajectory.

The Group is actively increasing its store network with focus turning to tourist locations, contingent upon the availability of reasonable rental rates. Post year-end we signed a total of 3 new leases with 2 in tourist areas taking our portfolio in the region to 82 stores.

The return of Mainland Chinese tourists has been much more pronounced in Macau SAR with sales recovering to approximately 80% of pre-pandemic levels during the fourth quarter and we expect that market to fully recover eventually.

The Group has been preparing for the boundaries reopening adopting agile management practices including, extending store opening hours, refreshing the product mix, flexibly adjusting frontline staff deployment and inventory to cope with the increasing demand after tourists return.

Aside from tourists, the Group will continue to look to better serve local customers by optimising its product portfolio to address customer preferences and the latest market trends.

While there will be investment in new leases and frontline staff, including training of our professional beauty consultants, the Group expects its operations to be margin accretive over the next financial year as it leverages cost efficiencies. The Group will aim to reduce the ratio of rent to revenue, control the cost effectiveness continuously, enhance the operation efficiency of our stores and raise the ability of the Group to earn profits for our shareholders over the long term.

With the relaxation of social distancing measures, we are seeing the growing importance of offline in Hong Kong SAR. The experience of trialling new products online in the offline environment is more engaging, and hence the focus for the Group's online business going forwards will be to: (i) raise customer loyalty: significantly raising repeat purchase rate and active members; (ii) create an online community: promoting online user generated product reviews; (iii) promote exclusive brands: which can only be purchased from Sa Sa in the region; and (iv) accelerate OMO initiatives to leverage the offline store network and the customer base.

Fostering the development of OMO is embedded within our strategy. The Group will continue to promote and leverage the popularity of buy online and pickup in-store ("BOPIS"), engage consumers with related promotions and build a holistic shopping experience. The Group has innovated new packaging that will significantly reduce both our carbon footprint and the size of packaging for pick-up in store. To cater for the trend of livestreaming in the region that tends to attract younger consumers, the Group will continue to explore collaborations that will drive profitable sales.

Mainland China – economy gradually emerging from Covid-19

Mainland China remains a core focus of the Group's long-term strategy. Clear of market uncertainty caused by Covid-19 social distancing policy, the Group is now able to conduct business under normal plannable operating conditions. The Mainland China economy emerging from Covid-19 and consumer sentiment is gradually improving, while the Group is closely monitoring the market conditions to align its strategy.

Following a rationalisation of our store network in Mainland China, for the first half of the coming financial year, we will stabilise their performance and return the operations to profitability. Initial signs are positive as we have raised the normalised gross profit margin to 48.8% by the fourth quarter. Once this is in place, we will be seeking to grow our revenue and operations in the second half.

In order to improve the Group's competitiveness in Mainland China, the Group will focus around exclusive brands and invest to increase the product assortment. In sync with the offline business, the online business will focus resources around the Group's exclusive brands where it has the right to win, is able to build brand loyalty and can avoid direct price competition.

The integration of online and offline in the retail industry is accelerating, which presents huge opportunities. The Group is focused on advancing its OMO strategy this coming financial year integrating online platforms with the retail network to provide customers with an enhanced and seamless shopping experience. For example, increasing awareness of our online channels in store and allowing customers to browse product availability and order online.

One of the Group's unique advantages is its team of trained professional beauty consultants that provides industry-leading services. The Group will continue to leverage WeChat mini-programme to connect Sa Sa's beauty consultants with customers in Mainland China. With the return of and gradual increase in Mainland China tourists visiting Hong Kong and Macau SARs, the Group is actively promoting the Wechat mini programme and mobile application, and seeking to connect with these customers after they return to Mainland China to enable them to shop and purchase online.

Southeast Asia – expansion of offline and online footprint in the region

Compared to pre-Covid, the Group is operating 11 less stores at 70 stores while delivering 85% of pre-Covid sales. As offline operations in Malaysia have stabilised over the past twelve months we are on the lookout for possible new store openings that will add to our store portfolio and enable us to grow further. The Group is also actively seeking to open one or two flagship stores in Singapore to complement our online presence in the region.

The Malaysian economy is facing some macro headwinds with the main challenge for the local economy the rising cost of living. The Group will continue to stay relevant by launching products and promotions to adapt to changing market conditions and consumer preferences. Fragrance and make-up are two strong categories for Malaysia, and the Group will be stepping up its brand and product assortment this coming financial year, particularly to enhance its exclusive brand portfolio in this market.

Moving into the new financial year, the Group will continue to focus on Shopee and Lazada online market-places to grow its revenue. While the Group is market leading in Singapore and Malaysia among cross-border merchants in the beauty and health category, there is still room to grow in the Philippines while the Group has added Thailand in the new financial year as well as launching on Zalora. The key advantage of third-party platforms lies in their capability to drive traffic, leveraging their popularity and reputation to maximise market exposure and expand its customer base. While price competition in online is fierce, the Group will be looking to separate itself from the competition by improving service levels, providing tailored product offerings by leveraging Customer Relationship Management ("**CRM**") and strengthening brand relationships to build a portfolio of exclusive brands and unique product offerings.

Conclusion – Staying agile to adapt to the 'new norm' as the economies in the region rebalance

Having collectively endured four years of the pandemic, I am pleased to see and be able to say that we are finally emerging from its shadow. As economies in the region find their feet and rebalance towards a new norm, we are staying agile with a pulse on changing consumer behaviour to adapt our operations and leverage opportunities in the region accordingly.

While Covid-19 accelerated a move to online, post Covid we are seeing a tilt back towards offline. What is clear is that modern consumers are increasingly digital savvy and truly adopt a multi-channel approach in their journey to purchase. This plays into the strengths of a multi-brand retailer of Sa Sa, given our established store network across the region and experience in operating in many jurisdictions in the region. While it may be somewhat easier to set up shop on a third party ecommerce platform, building a meaningful store network in prime locations is somewhat more challenging and capital intensive. Over the past four years, Sa Sa has also built up our own ecommerce capabilities and infrastructure with a presence on multiple ecommerce platforms in the region, and notably Mainland China. We will continue to invest resources in better connecting our online and offline businesses and forge ahead with OMO development to create a seamless, omni-channel shopping experience, which is demanded by modern consumers.

Pre- and post-Covid has also seen switching between product categories, during Covid personal protective equipment ("PPE") became a significant category and Sa Sa played its part in sourcing and supplying such important products to the communities we operated in while make-up suffered significantly. Following a relaxation of social distancing measures from January 2023, we saw a sharp decline in these product sales while demand for make-up and fragrance increased significantly. However, a sudden increase Covid-19 cases recently has seen demand for PPE again jump. One of the key strengths of Sa Sa that is very difficult to replicate is the experience built up over 45 years for the sourcing of brands and products of assured quality and presenting these brands to market. We are proud that we can commit to a 30-day return policy. A brand looking to set up presence in the region has immediate access to our physical store portfolio and online channels, and also member base. Most importantly, particularly for emerging brands, is the benefit of our team of professional beauty consultants, who are able to operate both offline and online, helping to present the brand story and product to our consumers.

As a company that attaches great importance to corporate social responsibility, we are delighted to have turned around the business and to deliver a profit for the Financial Year. We seek not only to continue on this path of profitability but to do so while growing our business responsibly.

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 to greater opportunities, 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.

MANAGEMENT DISCUSSION & ANALYSIS

Turnover

HK$3,500.5 million

↑ 2.6%

Gross Profit

HK$1,401.4 million

↑ 11.2%

Profit for the Year

HK$58.2 million

↑ HK$402.0 million

Consolidated Income Statement for the Year Ended 31 March 2023

	Full year		First half		Second half	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**3,500,525**	3,412,727	**1,550,493**	1,597,234	**1,950,032**	1,815,493
Cost of sales	**(2,099,165)**	(2,152,181)	**(977,189)**	(1,010,716)	**(1,121,976)**	(1,141,465)
Gross profit	**1,401,360**	1,260,546	**573,304**	586,518	**828,056**	674,028
Other income	**56,166**	52,235	**41,687**	21,903	**14,479**	30,332
Selling and distribution costs	**(1,223,114)**	(1,323,946)	**(614,052)**	(653,669)	**(609,062)**	(670,277)
Administrative expenses	**(244,833)**	(249,191)	**(124,495)**	(121,600)	**(120,338)**	(127,591)
Impairment of right-of-use assets and property, plant and equipment	**–**	(86,978)	**–**	(10,195)	**–**	(76,783)
Other gains - net	**11,907**	19,238	**7,696**	936	**4,211**	18,302
Operating profit(loss)	**1,486**	(328,096)	**(115,860)**	(176,107)	**117,346**	(151,989)
Finance income	**3,253**	3,049	**1,177**	1,567	**2,076**	1,482
Finance costs	**(19,100)**	(11,778)	**(8,605)**	(5,853)	**(10,495)**	(5,925)
(Loss)/profit before income tax	**(14,361)**	(336,825)	**(123,288)**	(180,393)	**108,927**	(156,432)
Income tax credit/(expenses)	**72,608**	(6,907)	**(9,895)**	(1,208)	**82,503**	(5,699)
Profit/(loss) for the year attributable to owners of the Company	**58,247**	(343,732)	**(133,183)**	(181,601)	**191,430**	(162,131)

Our Business

Headquartered in Chai Wan, Hong Kong SAR, the Group's operations cover online and offline retail and wholesale sales channels in Hong Kong and Macau SARs, Mainland China, and Southeast Asia, and also online sales in certain locations in the rest of the world. The Group has regional offices in Kuala Lumpur, Malaysia and Shanghai, Mainland China.

The Group's supply chain management organisation manages warehouses in Hong Kong SAR and Malaysia, and third-party warehouses in Mainland China. The Group has invested in supply chain innovation, digitalisation and sustainability to drive efficiency and support quality standard for which we offer a 30-day return policy to customers. During the year ended 31 March 2023 (the "**Financial Year**"), the Group enhanced its ecommerce handling capacity through deployment of automated guided vehicles ("**AGV**"). These supply investments enable and support our ecommerce operations beyond our core home markets and into Southeast Asia, North America, Australia and New Zealand.

The Group positions itself around its purpose of "***Making Life Beautiful***", as a one-stop beauty specialty platform and the go-to place for professional, quality and trending skincare, colour cosmetics and fragrance products, differentiating itself from the market and offering uniqueness. To cater for the growing needs of customers, the Group has introduced new categories such as inner beauty, personal care products and beauty equipment with a view to raising their sales mix over time.

The Group is laser-focused on managing its product offerings by reviewing its core product categories and ensuring that it carries trending brands and products. The Group is also actively seeking partnerships with brands and enhancing its portfolio of exclusive brands and develop these brands with the brand owners. The Group's standards of excellence in retail management and unique team of professional beauty consultants make it an ideal partner for brands looking for a presence in Asia and for professional beauty consultants to effectively communicate their brand story to consumers.

In line with this focus, the Group regularly renews how it displays and promotes brands and products both in-store and online to heighten awareness of what is trending and educate regarding functionality. Accordingly, the Group increasingly adopts theme-based promotional campaigns aligned to the seasons and other external factors.

Financial Performance

Summary

CHART 1:

(HK$ Million)	Turnover Offline	Turnover Online	Turnover Total	Year-on-year change	% to Group Turnover (%)
HK & Macau SARs	$2,373.3	$230.5	$2,603.8	▲ 8.7%	74.4% (LY: 70 2%)
Mainland China	$225.2	$294.9	$520.1	▼ 31.1%	14.9% (LY: 22 1%)
Southeast Asia	$300.0	$72.0	$372.0	▲ 43.8%	10.6% (LY: 7 6%)
Others	–	$4.6	$4.6	▲ 0.7%	0.1% (LY: 0.1%)
Total	$2,898.5	$602.0	$3,500.5	▲ 2.6%	100.0%

For the year ended 31 March 2023

Cost structure optimisation and gross margin expansion providing platform for profitable growth

During the Financial Year, the Group's turnover amounted to HK$3,500.5 million, representing an increase of 2.6% over the previous year, as performance held back by Covid-19 outbreaks in Mainland China and Macau SAR prompting lockdowns in affected cities and towns disrupted our business operations. Offline retail sales and wholesales ("Offline Sales") in Hong Kong and Macau SARs increased by 7.3% to HK$2,373.3 million, Offline Sales in Mainland China decreased by 22.9% to HK$225.2 million while Offline Sales in Southeast Asia increased by 64.9% (in original currency) to HK$300.0 million. The Group operated a total of 186 retail outlets across all regions as at 31 March 2023.

Turnover of the Group's online business decreased by 13.5% to HK$602.0 million for the Financial Year, affected by Covid-19 disruptions in Mainland China where online sales decreased by 33.4%, the only region recording a decrease. Total online business contributed 17.2% to the Group's total turnover (2022: 20.4%), a significant increase as compared to the financial year ended 31 March 2019 immediately before the pandemic ("pre-pandemic period"). The total online business recorded a loss of HK$21.2 million for the Financial Year as compared to a profit of HK$6.9 million for the previous year as a result of Covid-19 pandemic impact in Mainland China and the strength of the Hong Kong dollar against a basket of currencies including the Renminbi.

In terms of category sales, during the peak of the pandemic, the Group seized the opportunity from growth of personal protective equipment ("PPE"), and more recently the demand for post Covid-19 recovery health food and supplements. Since the fourth quarter, focus has switched to make-up which has made a strong recovery post relaxation of pandemic measures including the requirement to wear a protective mask. The Group continues to strengthen product sourcing to enrich the product portfolio and aside from our core categories of skincare, make-up and fragrance, is beginning to grow additional categories including inner beauty, personal care and beauty equipment. We will continue to invest in the category extension strategy, explore potential categories, meet market trends and customer needs, and strive to bring more product choices to consumers.

Group profit for the Financial Year was HK$58.2 million, a significant turnaround compared to the loss of HK$343.7 million in the previous year, and the loss of HK$133.2 million for the first half of the Financial Year. Excluding the provision for impairment made in accordance with HKAS 36 that applied to retail store assets (including right-of-use assets and property, plant and equipment), the subsidies for Covid-19 pandemic by local governments, temporary rental concessions, recognition of a deferred tax asset in respect of prior years' tax losses in Hong Kong and Macau SARs and the accrued past service costs due to change in the offsetting arrangement under the mandatory provident fund, the Group's loss during the year narrowed to HK$54.6 million (an improvement of 81.7%) compared to the previous year.

Our total net cash balance as at 31 March 2023 increased to HK$273.3 million (2022: HK$194.2 million) with net cash generated from operating activities (less the payment of lease liabilities and interest) for the Financial Year increasing significantly by HK$419.3 million to HK$144.6 million largely through cost structure optimization, gross margin expansion and management of inventory on hand.

1) Rigour in adopting zero-based budgeting practices, centralising cost centres to enhance economies of scale and drive cost optimization and negotiating fair rent on lease renewals, has led to a significant improvement in operating costs efficiencies during the Financial Year.

2) Adopting disciplined category management practices, adding to the exclusive brand portfolio and discontinuing less popular and unprofitable lines led to an improvement in gross margin that continued throughout the Financial Year from 35.5% in the first quarter to 43.5% in the fourth quarter.

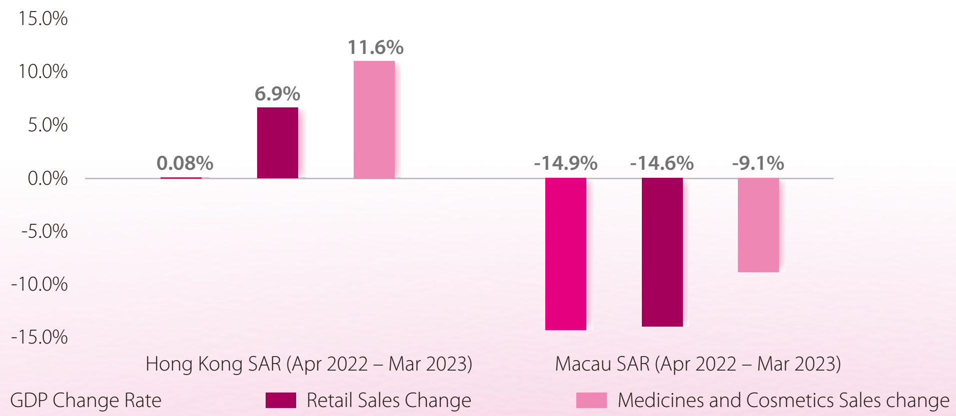
3) Proactively managing inventory, striking a balance between holding sufficient inventory taking into account Covid-19 impacted delivery lead times to ensure adequate stock during peak periods, and the cost of investing in inventory, has led to a reduction in the inventory balance at the year-end. As at 31 March 2023, the Group's inventory was HK$669.5 million, representing a decrease of HK$78.5 million as compared to 31 March 2022, while inventory turnover days was 116 days representing a decrease of 11 days. The Group is increasingly laser-focused on managing product categories, to ensure it introduces trending products and grows category share reinforcing its position as a one-stop beauty specialty platform.

Basic earnings per share amounted to 1.9 HK cents (2022: basic loss per share of 11.1 HK cents). Given the Group has only just emerged from the challenges brought about by the pandemic in the core markets where the Group operates, 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 (2022: Nil).

1. Hong Kong & Macau SARs

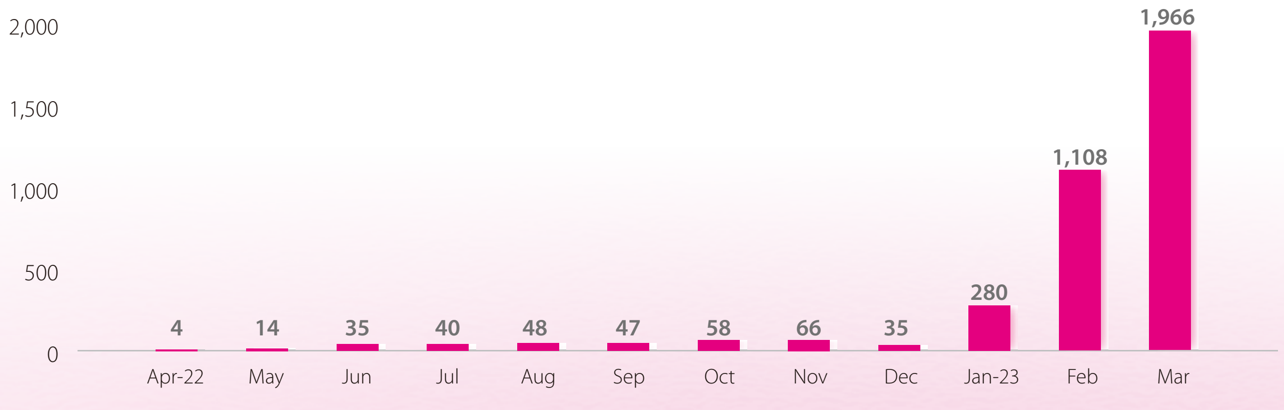
Market Overview

CHART 2: GDP/Retail Sales/Medicines and Cosmetics Sales in F23 (year-on-year change)



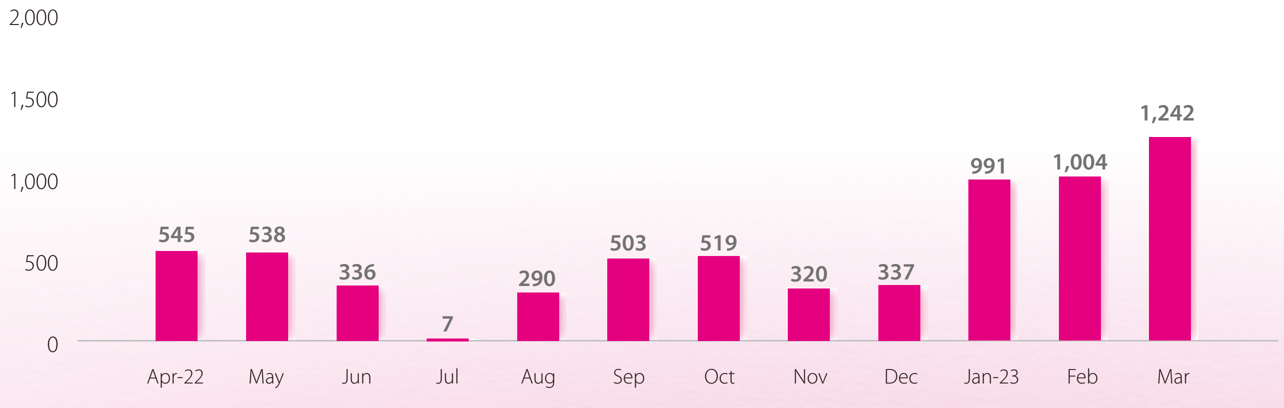
Source: Corresponding governments' statistics bureaus

CHART 3: Mainland Tourist Arrivals in Hong Kong SAR (in thousand)



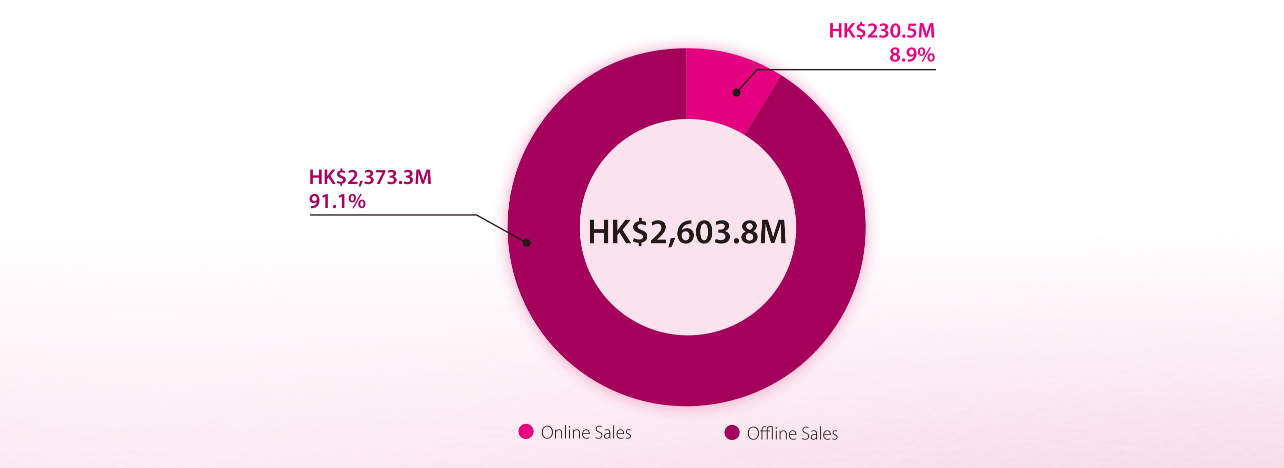
Source: Hong Kong Census and Statistics Department & Hong Kong Tourism Board

CHART 4: Mainland Tourist Arrivals in Macau SAR (in thousand)



Source: Government of Macao Special Administrative Region Statistics and Census Service

CHART 5: HK & Macau SARs Turnover (Online and Offline Channels)

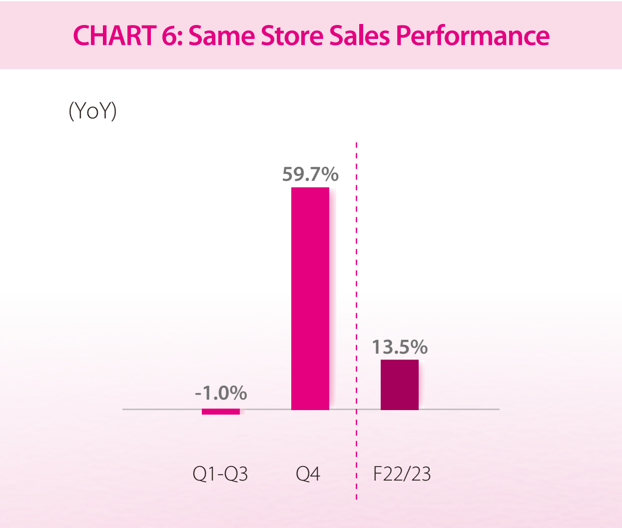


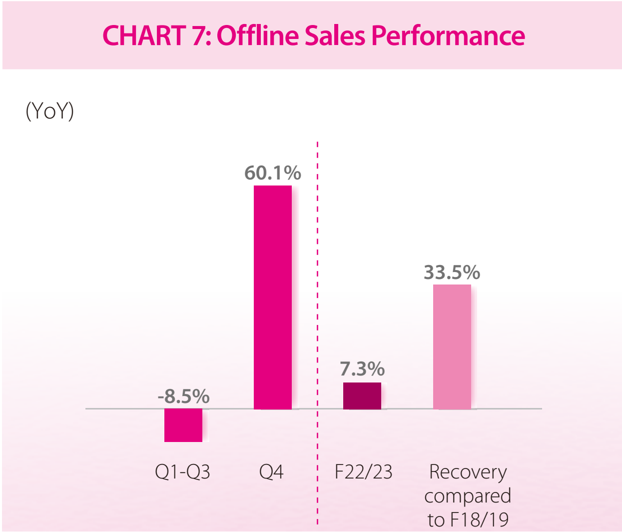
Total Online and Offline Sales in Hong Kong and Macau SARs amounted to HK$2,603.8 million accounting for 74.4% of total Group sales for the Financial Year, and growing at 8.7% for the Financial Year. Within this sales in Hong Kong SAR grew at 18.4% while Macau SAR decreased by 13.2%.

Offline Sales – Hong Kong & Macau SARs

Hong Kong and Macau SARs is the Group's largest region by turnover Offline Sales in the fourth quarter increased 60.1% despite pandemic and social distancing in the first nine months suppressing the overall performance for the Financial Year

Hong Kong and Macau SARs



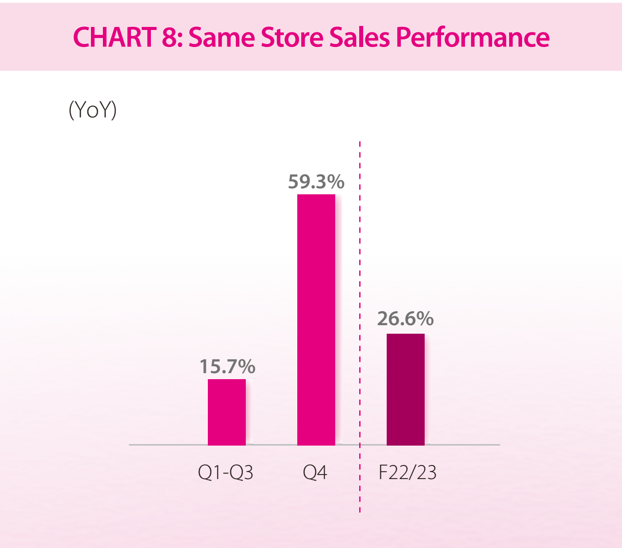


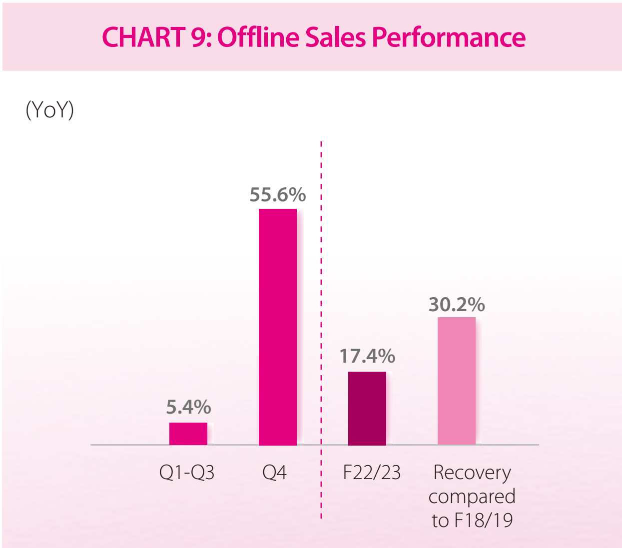
Offline Sales in Hong Kong and Macau SARs increased by 7.3% to HK$2,373.3 million for the Financial Year, while same store sales increased by 13.5%.

For the first three quarters of the Financial Year, HK and Macau SARs sales performance was held back by the tough market conditions brought about by Covid-19 and social distancing measures, which severely impacted consumer sentiment and Offline Retail in general. The closure of boundaries with Mainland China, in particular, dented visitor arrivals from Mainland China, which remained low and insignificant (see CHART 3 and CHART 4 above). For the nine-months ended 31 December 2022, Offline Sales in Hong Kong and Macau SARs decreased by 8.5% to HK$1,560.5 million compared to the previous period, while same store sales decreased by 1.0%.

Improving local consumer spending power and product category needs providing solid base for growth in Hong Kong SAR

Hong Kong SAR





For the first three quarters of the Financial Year, prior to the boundary reopening, sales to local consumers accounted for 95% of our Offline Sales in Hong Kong SAR growing by 3.0% as compared to the same period in the previous financial year. Following the return of tourists in the fourth quarter, despite local sales mix reducing to 75%, growth of sales to local consumers grew by 19.7% compared to the same period in the previous year that was heavily impacted by the fifth wave of Covid-19 in Hong Kong SAR.

The Hong Kong SAR Government continued with the Consumption Voucher Scheme ("CVS") in April, August and October 2022 to bolster local consumer spending. While we are seeing the positive impact of such scheme to local retail spending diminishing with each time as the amount of the CVS reduces, it is a welcome jolt to local retail.

The Group leveraged the gradual improvement in local consumer sentiment during the Financial Year and the CVS by refreshing the brand and product mix and launching effective theme-based promotions contributing to Hong Kong SAR same store sales growth of 15.7% for the first three quarters.

The Group further bolstered sales growth throughout the Financial Year by targeting trending product categories. During the first three quarters, PPE including protective masks and Rapid Antigen Test ("RAT") test kits, was a core product category, while following the change in social distancing measures, demand for such products reduced sharply, and demand for make-up, colour cosmetics and fragrance moved swiftly upwards.

Re-opening of boundaries with Mainland China and relaxation of social distancing in the fourth quarter

Covid-19 pandemic measures in Hong Kong SAR were eased on 8 January 2023 with partial resumption of cross-boundary travel between Hong Kong SAR and Mainland China while boundaries were fully free of restrictions from 6 February 2023. Hong Kong SAR reported 0.3 million, 1.1 million and 1.9 million tourist visits in January, February and March 2023, respectively. While Covid-19 remains, consumers are adapting to the new norm and sentiment towards Covid-19 has somewhat relaxed.

Similarly, Macau SAR reduced the requirement of visitors to provide a negative polymerase chain reaction ("PCR") test within 24 hours of arrival to 72 hours of arrival with effect from 19 December 2022, and further removed the requirement for Hong Kong residents on 23 December 2022 and then for Mainland residents from 8 January 2023.

Following the relaxation of these measures, and hence reopening of boundary with Mainland China, Offline Sales in Hong Kong and Macau SARs in the fourth quarter ended 31 March 2023 increased 60.1% year-on-year and 41.1% as compared to the previous quarter. Sales mix of Mainland Chinese tourists in Hong Kong and Macau SARs recovered to 41.1% in the fourth quarter which compares with approximately 70% during the pre-pandemic period.

Accelerated growth in Hong Kong SAR driven by tourism

For the fourth quarter ended 31 March 2023, benefiting from the return of the Mainland Chinese tourists, Offline Sales in Hong Kong SAR increased by 55.6% year-on-year or 25.1% compared to the previous quarter ended 31 December 2022. Compared with the same period of the pre-pandemic period, turnover has recovered to approximately 40%.

We expect the return of Mainland China tourists to continue at a gradual pace as the Mainland China economy also emerges from the pandemic, consumer spending power recovers and people begin to travel once again. This will have an ongoing positive impact on our performance in Hong Kong SAR as it ranks consistently within the top holiday destinations for Mainland Chinese while beauty products also feature high on their travel shopping basket.

On the other hand, with open boundaries, we have also seen a sharp increase in outbound travel from Hong Kong residents during long holiday stretches such as Christmas 2022 and New Year 2023, Chinese New Year 2023 and Easter 2023. Outbound travel numbers as reported by the government of the Hong Kong SAR for these holiday periods were approximately 0.50 million, 0.05 million, 0.45 million and 0.40 million, respectively. It is clear that sales to local customers are significantly impacted by changing policy measures and that there is a period of adaptation and transition as the economy rebalances move towards a new norm.

Macau SAR

CHART 10: Same Store Sales Performance

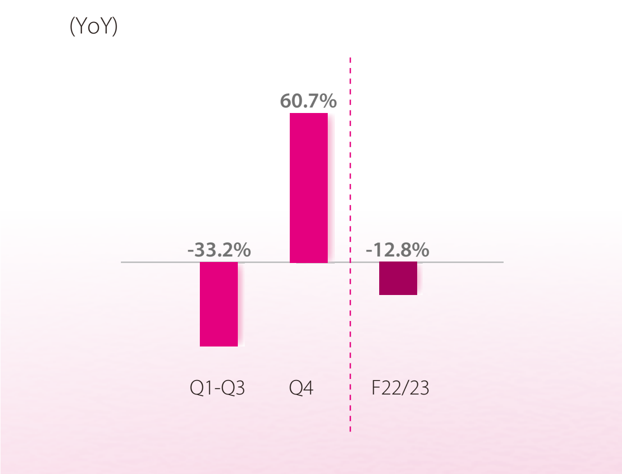
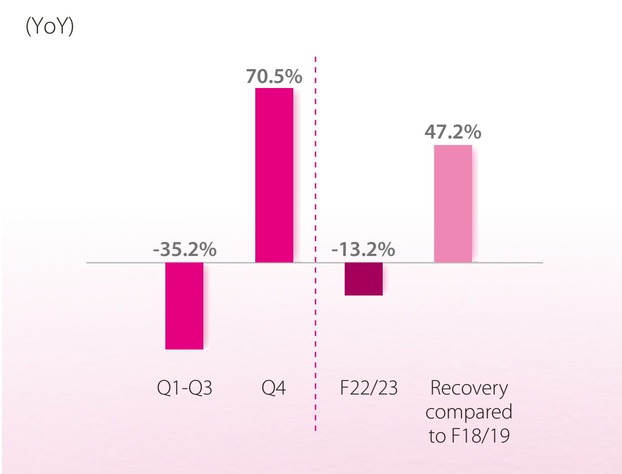


CHART 11: Offline Sales Performance



Rapid return of Mainland Chinese tourists to Macau SAR driving sales growth in the fourth quarter

Macau SAR has a population of approximately 0.67 million as of 31 March 2023 and its economy relies on tourism and its status as Asia's gaming hub. During the first three quarters, Macau SAR was impacted by intermittent Covid-19 outbreaks which led to a tightening of social distancing measures including quarantine for inbound tourists. Accordingly, the number of inbound Mainland Chinese visitors was significantly reduced compared with that of pre-pandemic period, see CHART 4. Consequently, Offline Sales in Macau SAR during the Financial Year declined by 13.2% to HK$636.4 million, with same-store sales decreasing by 12.8%.

Following a relaxation of social distancing measures from December 2022, we saw a rapid return of Mainland Chinese tourists to Macau SAR and at a much faster pace compared with Hong Kong SAR. Sales for the fourth quarter increased 70.5% year-on-year to or an increase of 93.8% compared to the previous quarter and representing a recovery of approximately 77% compared to the pre-pandemic period.

We currently operate nine stores in Macau SAR and eight are located in key tourist locations. These are of a larger format allowing for a larger handling capacity.

Store network strategy – Positioning store network for market recovery

Offline Sales in Hong Kong SAR increased by 17.4% during the Financial Year, while same store sales increased by 26.6% despite a net decrease of six stores to 70 as at 31 March 2023. The Group successfully generated same store sales growth in Hong Kong SAR throughout the first three quarters of the Financial Year prior to reopening of boundaries, which then spiked at 59.3% for the fourth quarter due to a return of tourism.

The stickiness of our loyalty programme, particularly in respect of local consumers, driven by Sa Sa's team of professional in-store beauty consultants is one of the core reasons the Group can deliver same store sales growth and overall sales growth from less stores. This provides much more attractive unit economics in terms of both rental and frontline staff cost efficiency.

In accordance with our network strategy, during the Financial Year, 11 expiring leases in prime tourist districts in Hong Kong SAR with heavy foot traffic were renewed, while two stores were closed. Renewals tend to result in less initial capex spending and hence related depreciation in the future. In addition, the Group relocated two stores in a residential area in Hong Kong SAR and one in Macau SAR. The Group is on the lookout for stores of the right-size located in local areas and also heavy footfall stores in core tourist districts in Hong Kong SAR that complement our existing store network, and which make economic sense. Collectively, these initiatives will further optimise our retail network and position Sa Sa to benefit as the market continues to recover.

Core tourist districts in Hong Kong SAR remain Tsimshatsui, Mongkok, Causeway Bay and cross-boundary travel hubs at West Kowloon station and Lok Ma Chau station. As at 31 March 2023, the Group had a total of 26 stores located in core tourist areas in Hong Kong and Macau SARs (pre-pandemic period: 46 stores). By the fourth quarter of the Financial Year, our tourist sales mix in total was 43.3% compared with 70% in the pre-pandemic period giving confidence over the future growth trajectory. Post end of the Financial Year, the Group signed 3 new leases with 2 in core tourist districts in Hong Kong SAR. The new stores will be opened for business in the first quarter of the new financial year.

Online Sales – Hong Kong & Macau SARs

CHART 12: Online Sales Mix

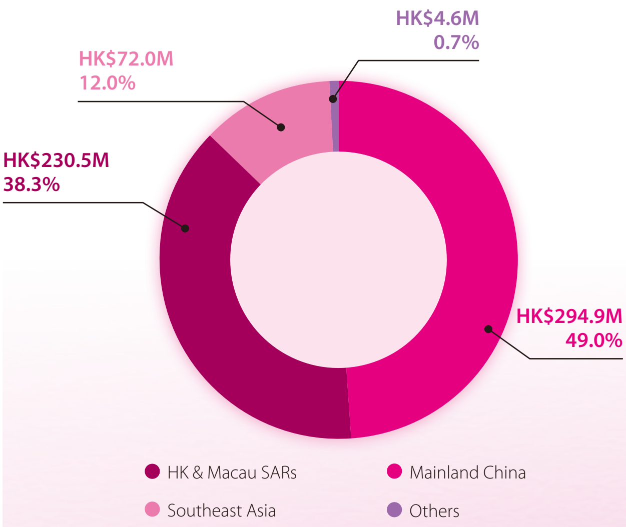
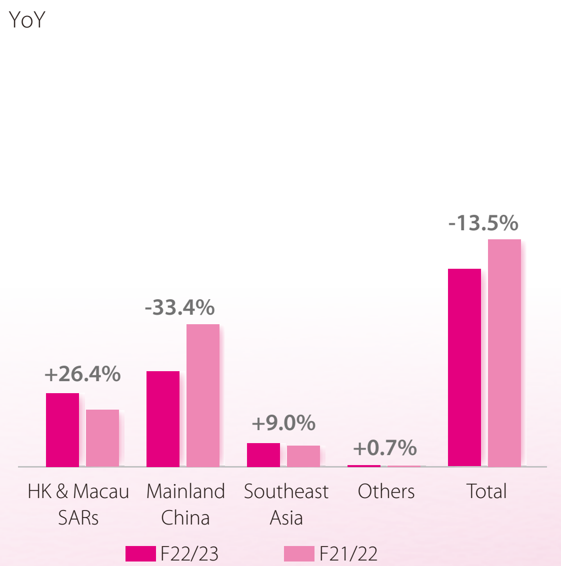


CHART 13: Online sales growth in different regions



Sa Sa online penetration rate in Hong Kong and Macau SARs increased from 0.1% pre-pandemic to 8.9% for the Financial Year

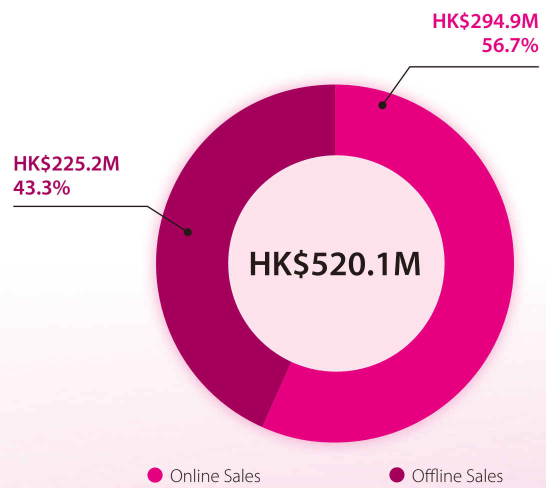
Total online sales in Hong Kong and Macau SARs through our own channels and third-party platforms increased by 26.4% year-on-year to HK$230.5 million, accounting for 38.3% of the Group's total online sales. Consumer adoption of new retail formats and growth of online sales in Hong Kong and Macau SARs continued to accelerate at pace. Our online penetration has improved rapidly since pre-pandemic period with online sales mix as a percentage of total sales in Hong Kong and Macau SARs for the Financial Year increasing to 8.9% from 7.6% in the previous year. Online sales in Hong Kong and Macau SARs recorded a profit of HK$11.6 million for the Financial Year (2022: HK$15.0 million).

Apart from own managed channels, the Group is also present on third-party platforms, such as HKTV Mall, and continues to explore new retail models. Although still in its infancy, the Group's online-merge-offline ("OMO") strategies are contributing towards online sales growth and the Group is looking to accelerate its OMO development over the next financial year. Buy online pick-up in store ("BOPIS") is proving to be a popular route-to-consumer where customers can also experience the comprehensive and caring services provided by our professional beauty consultants when they pick up the products in person and receive a truly seamless OMO experience.

The engagement between professional beauty consultants and customers has been extended to online channels where customers can contact our professional beauty consultants and the Group is looking to enhance its Customer Relationship Management ("CRM") programme and CRM infrastructure going forward to be able to provide a more personalised omni-channel shopping experience.

2. Mainland China

CHART 14: Mainland China Turnover (Online and Offline Channels)



Mainland China severely hampered by Covid-19 outbreak and social distancing measures

Mainland China endured a tumultuous year, virtually the world's last outpost until Covid-19 began to rear its head in April 2022. At first limited to a few cities, it gradually appeared across the country. Strict social distancing and quarantine policies were adopted in response until December 2022, when social distancing measures were relaxed.

Offline Sales – Mainland China

Mainland China

CHART 15: Same Store Sales Performance*

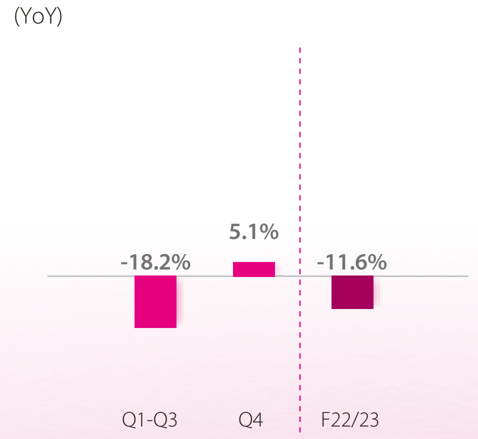
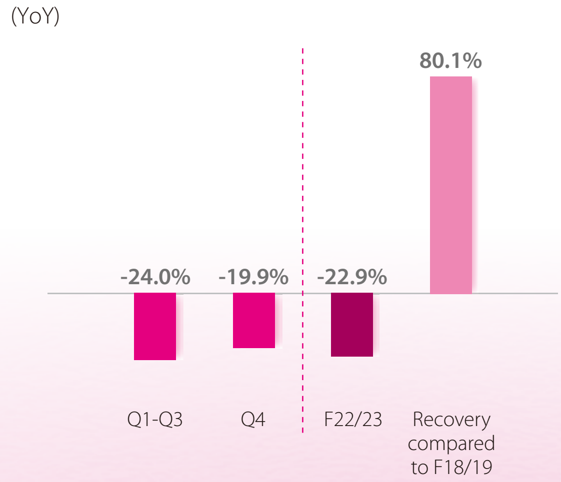


CHART 16: Offline Retail Sales Performance*



* In local currency

Pandemic outbreaks in various parts of Mainland China period lowered foot traffic in our retail stores and prompted lockdowns in affected cities and towns in more severe cases. For the first three quarters, there was a total of 758 lost operating days across our store network due to quarantine.

Market	As of 31 Mar 2022	Opened	Closed	**As of 31 March 2023**
Mainland China	77	–	40	**37**

In light of the uncertainty at that time and significant reduction in foot traffic, the Group took a decision to reduce losses, conserve cashflow and retain strength for a recovery down the road. In line with this strategy, the total number of stores in Mainland China was rationalised and reduced by 40 to 37 as at 31 March 2023.

For the fourth quarter, Offline Sales in Mainland China recovered to HK$61.5 million, an increase of 32.7% (in local currency) versus the previous quarter demonstrating a gradual and marginal recovery as Mainland China emerged from the pandemic. Same store sales growth for the fourth quarter was 5.1% (in local currency) as operating efficiencies and stickiness of our membership programme kicked-in. While it will take time for consumer sentiment to improve, this is an encouraging step.

Overall, Offline Sales for the Financial Year was HK$225.2 million, a decrease of 22.9% in local currency compared to the previous year, while same store sales decreased to a lesser extent by 11.6%. The Group's loss in Mainland China for the Financial Year decreased by 69.2% to HK$44.5 million compared to the previous year with the loss in the second half of the Financial Year narrowing significantly to HK$0.9 million from HK$43.6 million in the first half of the Financial Year.

Online Sales – Mainland China

The majority of our online sales in Mainland China is conducted via a cross-boundary model on the Group's Wechat mini-store and third-party platforms.

Online sales in Mainland China decreased by 33.4% to HK$294.9 million for the Financial Year and was 56.7% of total sales in Mainland China. Online sales in Mainland China significantly continues to contribute the highest to the Group's total online sales at 49.0%, but this has decreased significantly from 63.6% in the previous financial year due to Covid-19 disruptions in Mainland China and Hong Kong SAR online sales growing significantly.

The first half of the Financial Year saw Covid-19 severely disrupting cross-boundary logistics arrangements into Mainland China, including restocking of our third-party warehouses and direct delivery to customers, disproportionately affecting cross-boundary merchants. The delays in delivery resulted in a spike in order cancellations and sales returns during the first half of the Financial Year depressing the Group's online sales performance. Restrictions were also introduced restricting the import of fragrances, which we were unable to sell between October 2022 to February 2023.

Key online shopping festivals including 618, double 11 and double 12 in June, November and December respectively, were severely challenged given Covid-19 impact on the economy. Unhealthy price competition became a theme as brands and retailers sought to deplete inventories. The Group also reduced inventories but also strived to avoid excessive price competition and this challenged topline growth but reduced losses.

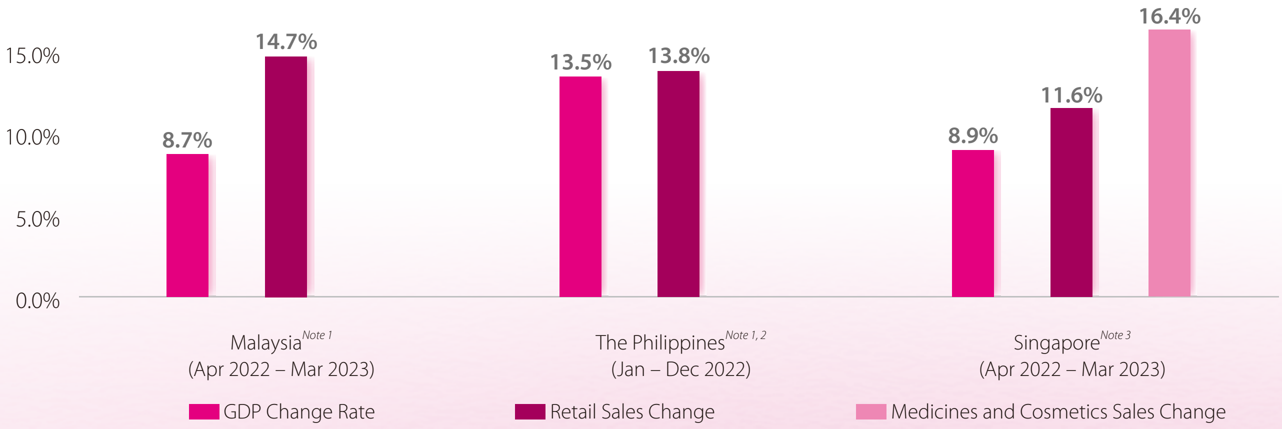
With social distancing measures relaxed by the fourth quarter, logistics challenges began to ease. It will, however, take time for consumer sentiment to recover, to re-engage with customers and for customers to rebuild confidence in cross-boundary delivery.

Due to these factors, the Group's online business in Mainland China recorded a loss of HK$28.0 million for the Financial Year. However, cost control measures and margin management policies meant a turnaround from loss to a marginal profit of HK$2.7 million by the fourth quarter.

3. Southeast Asia

Offline Sales – Southeast Asia

CHART 17: GDP/Retail Sales/Medicines and Cosmetics Sales (year-on-year change)

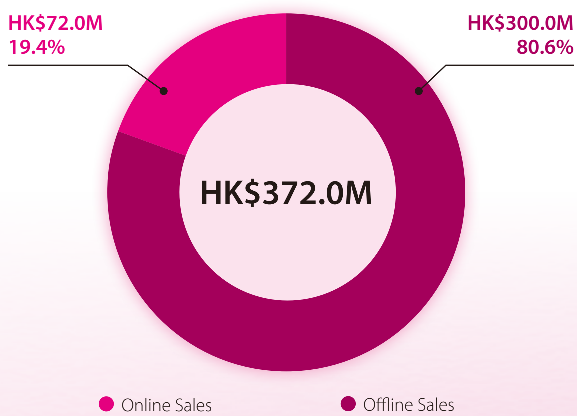


Note:

1. No cosmetics retail sales statistics are provided by the governments of Malaysia and the Philippines.
2. This is the figure of Retail and Wholesale Trade since there was no individual figures for wholesale or retail provided by the government of the Philippines.
3. "Cosmetics, Toiletries and medical goods" as classified by the government of Singapore.

Our offline presence in Southeast Asia is through a network of 70 stores in Malaysia (2022: 72). 1 April 2022 marked the beginning of the transition to the post pandemic economy for Malaysia. A new set of standard operating procedures was introduced by the Malaysian government, and restrictions on the opening hours of retail shops were removed, interstate travel was allowed and fully vaccinated overseas visitors could enter Malaysia without quarantine. GDP growth for the Financial Year was 8.7% reflecting the positive outcomes for the economy from this policy relaxation.

CHART 18: Turnover of Southeast Asia (Online and Offline Channels)



Southeast Asia

CHART 19: Same Store Sales Performance*

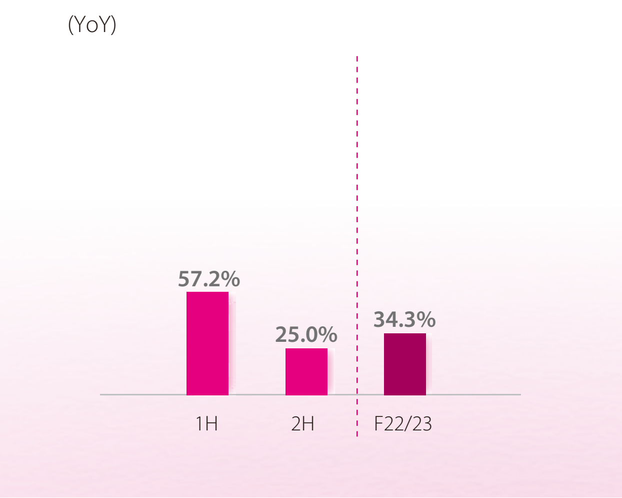
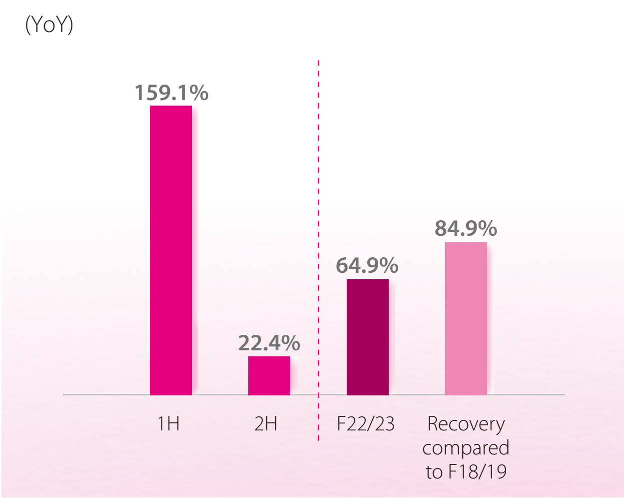


CHART 20: Offline Sales Performance*



* In local currency

Offline Sales in Malaysia increased significantly by 64.9% in local currency to HK$300.0 million for the Financial Year, while same store sales increased by 34.3%.

Market	As of 31 Mar 2022	Opened	Closed	**As of 31 Mar 2023**
Malaysia	72	4	6	**70**

During the worst of the Covid-19 outbreak in Malaysia, the Group aggressively trimmed operating costs and increased productivity and hence was well placed to act with agility and took advantage of the government's policy relaxation. While sales continued to recover during the Financial Year, the Group kept operating costs low, resulting in a profit of HK$22.9 million in Malaysia during the Financial Year compared to a loss of HK$7.5 million in the previous financial year.

The business unit has been actively progressing the Group's ethos of "building brands" and collaborated with brand partners during the Financial Year to operate pop-up sales events in trending malls, for example, Mercedes-Benz Parfum "Celebrate Together" Christmas Roadshow held at Sunway Pyramid from 6 to 11 December 2022 and, "Sa Sa Scent Sensation Fragrance Roadshow" held at IOI City Mall from 6 to 12 March 2023 and again at Mid Valley from 8 to 14 May 2023. For these events, the Group partnered with multiple brands such as Marc Jacobs, Hugo Boss, Calvin Klein, Davidoff, MCM, Versace, Marina de Bourbon, Mercedes-Benz Parfum, etc. The roadshows helped to drive awareness for the brands involved and Sa Sa, and also resulted in direct sales.

Online Sales – Southeast Asia

Our online presence in the region is mainly through two third-party platforms, Shopee and Lazada, reaching Singapore, Malaysia and the Philippines. The Group had been consistently ranked number one on both platforms in Singapore and Malaysia among cross-border merchants in the beauty and health category. Total online sales in Southeast Asia amounted to HK$72.0 million for the Financial Year growing at 9.0%.

Other Jurisdictions

The Group's online sales in markets outside Hong Kong SAR, Macau SAR, Mainland China and Southeast Asia are conducted via online third-party channels and an international website, which are currently at a preliminary stage.

Future Outlook

Sustainable profits and long-term growth

The Group adopted a mindset of achieving sustainable profit in spite of the tough operating environment during the first nine-months of the Financial Year and took measures to lower the breakeven point significantly. This included adoption of zero-based budgeting practices and tighter working capital management policies to navigate through the headwinds. These initiatives remain in place and enhance the Group's competitiveness and ability to be more resilient and achieve sustainable business growth as tourists return.

The Group continued to streamline its physical store network and negotiate fair rent on lease renewals during the Financial Year. The Group also minimised unnecessary and non-productive expenses to reduce fixed costs of our offices and stores. The Group implemented a series of initiatives to optimise its operations including acceleration of digitalisation, optimise people structures and enhance operational efficiency. One such initiative is the creation of Centres of Excellence to centralise administration and management functions while expediting the progress of digitalisation.

As at 31 March 2023, the Group's net cash (after deducting utilised bank borrowings) increased by HK$79.0 million to HK$273.3 million. With further unutilised banking facilities of approximately HK$240.2 million, the Group has adequate funding for its operating needs. In addition, Dr Kwok Siu Ming Simon and Dr Kwok Law Kwai Chun Eleanor, the executive directors and controlling shareholders of the Company, continue to make a revolving loan facility of up to HK$200.0 million available to the Group thereby strengthening the Group's financial position, as well as demonstrating the support from the controlling shareholders and their confidence in the long-term prospects of the Group's business.

Hong Kong and Macau SARs

Tourist traffic is so far concentrated in our stores in traditional core tourist areas of Tsimshatsui, Causeway Bay and Mongkok as well as cross-boundary travel hubs at West Kowloon station and Lok Ma Chau station and has yet spread to other areas. The Group currently has 26 stores (pre-pandemic period: 46 stores) in core tourist areas in Hong Kong and Macau SARs.

Our tourist sales mix in the fourth quarter of the Financial Year in total was 43.3% compared with 70% in the pre-pandemic period. This recovery in tourist traffic in core tourist areas gives confidence over the future growth trajectory.

The Group is actively increasing its store network with focus turning to tourist locations, contingent upon the availability of reasonable rental rates. Post year-end we signed a total of 3 new leases with 2 in tourist areas taking our portfolio in the region to 82 stores.

The return of Mainland Chinese tourists has been much more pronounced in Macau SAR with sales recovering to approximately 77% of pre-pandemic levels during the fourth quarter and we expect that market to fully recover eventually.

The Group has been preparing for the boundary reopening adopting agile management practices including, extending store opening hours, refreshing the product mix, flexibly adjusting frontline staff deployment and inventory to cope with the increasing demand after tourists return.

Aside from tourists, the Group will continue to look to better serve local customers by optimising its product portfolio to address customer preferences and the latest market trends.

While there will be investment in frontline staff and new leases, the Group expects its operations to be margin accretive over the next financial year as it leverages cost efficiencies. The Group will aim to reduce the ratio of rent to revenue, control the cost effectiveness continuously, enhance the operation efficiency of our stores and raise the ability of the Group to earn profits for our shareholders over the long term.

With the relaxation of social distancing measures, we are seeing the growing importance of offline in Hong Kong SAR. The experience of trialling new products online is more engaging in the offline environment, and hence the focus for the Group's online business going forwards will be to: (i) raise customer loyalty: significantly raising repeat purchase rate and active members; (ii) create an online community: promoting online user generated product reviews; (iii) promote exclusive brands: which can only be purchased from Sa Sa in the region; and (iv) accelerate OMO initiatives to leverage the offline store network and the customer base.

Fostering the development of OMO is embedded within our strategy. The Group will continue to promote and leverage the popularity of BOPIS, engage consumers with related promotions and build a holistic shopping experience. As far as BOPIS is concerned, the Group has innovated new packaging that will significantly reduce both our carbon footprint and the size of packaging for pick-up in store. In so doing, it will reduce the in-store space required to hold these packages and increase capacity to provide this service. The Group will also continue to provide industry-leading training to frontline professional beauty consultants strengthening our competitive edge.

To cater for the trend of livestreaming in the region that tends to attract younger consumers, the Group will explore collaborations that will drive profitable sales.

Mainland China

Mainland China remains a core focus of the Group's long-term strategy. Clear of market uncertainty caused by the Covid-19 social distancing policy, the Group is now able to conduct business under normal plannable operating conditions. The Mainland China economy is emerging from Covid-19 and consumer sentiment is gradually improving, while the Group is closely monitoring the market conditions to align its strategy.

In order to improve the Group's competitiveness in Mainland China, the Group will focus around exclusive brands and invest to increase the product assortment.

In sync with the offline business, the online business will also focus resources around the Group's exclusive brands where it has the right to win, is able to build brand loyalty and can avoid direct price competition. While technically online allows the Group to provide an "endless aisle", the Group will explore how it manages Group inventory in the region to enhance efficiencies and reduce inventory holding costs.

The integration of online and offline in the retail industry is accelerating, which presents huge opportunities. The Group is focused on advancing its OMO strategy this coming financial year integrating online platforms with the retail network to provide customers with an enhanced and seamless shopping experience. For example, increasing awareness of our online channels in store and allowing customers to browse product availability and order online.

One of the Group's unique advantages is its team of trained professional beauty consultants that provides industry-leading services. The Group will continue to leverage WeChat mini-programme to connect Sa Sa's beauty consultants with customers in Mainland China. With the return of and gradual increase in Mainland China tourists visiting Hong Kong and Macau SARs, the Group is actively promoting the WeChat mini-programme and mobile application, and seeking to connect with these customers after they return to Mainland China to enable them to shop and purchase online. The Group will leverage this team to further enhance its CRM programme and drive OMO opportunities. The Group introduced a new Skin Detection device in its Mainland China stores in December 2022, which provides a personalised skin analysis report to customers via Wechat to address their needs and digitally connect with them. This allows product recommendations to be provided and brings closer the relationship between Sa Sa professional beauty consultants and customers.

The Group has established a project team to enhance its CRM programme through integrating member pools from online and offline channels in Hong Kong and Macau SARs as well as Mainland China, to better position ourselves to track consumer preferences and shopping behaviour, where permission is granted and in accordance with the law, through data collected and analysis, and leverage digital marketing tools to provide personalised recommendations and targeted marketing campaigns. These initiatives will enhance customer loyalty and repurchase rate to achieve higher return on marketing investments. Through the data collected over time, the Group will enhance labelling and provide personalised product recommendations to further enhance customer experience. While this is in its infancy, we are seeking to leverage our CRM and communicate with customers with a view to increasing member activity and raising customer lifetime value.

One of the Group's core strategic pillars is to enhance and nurture a portfolio of brands. To this end the Group will invest in exclusive products, strengthening promotion on popular social media platforms and digital channels, enhancing brand image and highlighting product features, collaborating with influencers to promote and increase brand awareness, and credibility among target consumers. The Group will launch online brand flagship stores for selected exclusive brands, which will increase market awareness and allow for tailored brand management and sales penetration. While customer acquisition remains important, exclusive brands will better enable the Group to maintain customer loyalty. The Group will also focus on fostering an online Sa Sa community sharing user experience and promoting user product reviews, interacting with consumers to strengthen word-of-mouth marketing.

The Group will continue to optimise website and mobile application design to enhance the customer shopping experience, improve the user journey, shorten the time and clicks required to locate desired products and complete purchase.

Southeast Asia

Compared to pre-Covid, the Group is operating 11 less stores at 70 stores while delivering 85% of pre-Covid sales. As offline operations in Malaysia have stabilised over the past twelve months the Group is on the lookout for possible new store openings that will add to the Group's store portfolio and enable the Group to grow further. The Group is also actively seeking to open one or two flagship stores in Singapore to complement the Group's online presence in the region.

The Malaysian economy has been facing some macro headwinds, (i) 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; (ii) a weak Malaysia Ringgit; and (iii) in November 2022, Bank Negara raised the overnight policy rate ("OPR") by 25 basis points to 2.75%, the fourth increase in a year. Accordingly, Malaysian households faced reduced purchasing power due to higher monthly loan repayments while consumer spending is driven by higher expenditure on transport, housing, and utilities.

The main challenge for the local economy is the rising cost of living for consumers. The Group will continue to stay relevant by launching products and promotions to adapt to changing market conditions and consumer preferences. Fragrance and make-up are two strong categories for Malaysia, and the Group will be stepping up its brand and product assortment this coming financial year, particularly to enhance its exclusive brand portfolio in this market.

Moving into the new financial year, the Group will continue to focus on Shopee and Lazada online market places to grow its revenue. While the Group is market leading in Singapore and Malaysia among cross-border merchants in the beauty and health category, there is still room to grow in the Philippines while the Group has added Thailand in the new financial year, as well as launching on Zalora. The key advantage of third-party platforms lies in their capability to drive traffic, leveraging their popularity and reputation to maximise market exposure and expand its customer base. While price competition in online is fierce, the Group will be looking to separate itself from the competition by improving service levels, providing tailored product offerings by leveraging CRM and strengthening brand relationships to build a portfolio of exclusive brands and unique product offerings.

Other Jurisdictions

The Group leverages existing infrastructure and collaboration mainly with third-party ecommerce platform, Amazon.com, to reach ethnic Chinese community living abroad in Australia, New Zealand and the North America, with whom the Sa Sa brand carries brand awareness. Average order value for these jurisdictions tends to be much higher to cover the cost of delivery while customer loyalty is also proving to be sticky. Sales growth is expected to be steady yet marginally profitable.

Financial Year 2023/24 Q1 Sales Data

For the first quarter from 1 April to 11 June 2023, the Group's total turnover increased by 31.9% compared to same period of last year. Online and Offline Sales, as well as year-on-year changes of turnover of different regions are shown in the table below:

	Turnover				
HK$ Million	Offline	Online	Total	Year-on-year change	% of Group Turnover
HK & Macau SARs	$664.8	$37.4	$702.2	+51.2%	82.6%
Mainland China	$37.8	$38.9	$76.7	-27.0%	9.0%
Southeast Asia	$56.5	$12.9	$69.4	-7.6%	8.2%
Others	–	$2.0	$2.0	+3,570.0%	0.2%
Total	$759.1	$91.2	$850.3	+31.9%	100.0%

Human Resources

As at 31 March 2023, the Group had approximately 2,600 employees. The Group's staff costs for the year under review were HK$661.9 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 2023.

Financial Review

Capital Resources and Liquidity

As at 31 March 2023, the Group's total equity amounted to HK$1,041.2 million including reserves of HK$730.9 million. The Group continued to maintain a strong financial position with working capital of HK$404.9 million that included net cash and bank balances of HK$273.3 million, while unutilised banking facilities were approximately HK$240.2 million. In addition, a revolving loan facility of up to HK$200 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, 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 inflow from 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 and operating needs 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, Renminbi, US dollar and Macau Pataca, 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 2023 were HK$1,041.2 million, representing a 5.9% increase over the funds employed of HK$982.9 million as at 31 March 2022.

The gearing ratio, defined as the ratio of total borrowings to total equity, was 2.9% as at 31 March 2023 (31 March 2022: 10.4%).

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 2023, land and buildings with carrying value amounted to HK$100.6 million (31 March 2022: HK$106.1 million) was pledged for banking facilities made available to the Group.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2023.

Capital Commitments

As at 31 March 2023, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$4.2 million.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Looking ahead to greater opportunities, 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

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 45 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 14th 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 seventh consecutive years from 2016 to 2022 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, 2020 – 2022 and 2023 – 2024) of the Community Chest of Hong Kong as well as Executive Committee Chairman (2014 – 2015, 2020 – 2022 and 2023 – 2024), a member of the Board of Directors (2009 – 2015, 2016 – 2022 and 2023 – 2024) 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 "Directors' Report". Save as aforesaid, Dr Simon Kwok does not hold any directorship in other listed companies in the past three years.

Dr Kwok is the husband of Dr Kwok Law Kwai Chun Eleanor, father of Ms Kwok Sze Wai Melody and Ms Kwok Sea Nga Kitty and brother-in-law of Mr Law Kin Ming Peter. He is 70 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

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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), Adviser of Po Leung Kuk (April 2017 – March 2018, January 2023 – December 2025), the Vice President of the Hong Kong Girl Guides Association (since 2012), Senator of the Hong Kong Federation of Women (since 2015), 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 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 "Directors' Report". 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 Ms Kwok Sea Nga Kitty, and sister of Mr Law Kin Ming Peter. She is 69 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 currently a member of the Electoral Conference for Electing Deputies of the Hong Kong Special Administrative Region to the 14^{th} National People's Congress, 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), executive director of the Council of Guangzhou Overseas Friendship Association (since 2013), Honorary Advisor of the Hong Kong Island Women's Association (since 2018) and Founding Honorary Advisor of the Hong Kong O2O E-commerce Federation (since 2017).

Actively involved in community service and philanthropic activities, Ms Kwok has been Prominent President (since 2022) of the Southern District Association and Honorary Vice-President of the Hong Kong Girl Guides Association (2013-2023). 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. Ms Kwok received the "District Association Award – Gold Award" by the Southern District Association of The Hong Kong Girl Guides Association in 2023, and received "Golden Bauhinia Award" by The Hong Kong Girl Guides Association in 2021. She was named "CMO Marketer of the Year" by Hong Kong Institute of Marketing ("HKIM") in 2019, recognising 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, the sister of Ms Kwok Sea Nga Kitty 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 "Directors' Report". She is 45 years old.

Ms KWOK Sea Nga Kitty, 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 2010. Over the years, Ms Kwok has been committed to expanding the Group's Mainland China and e-commerce businesses. She was promoted to Vice President of e-commerce in April 2018, overseeing the Group's e-commerce business in Mainland China, Hong Kong and Macau SARs, Southeast Asia and other regions, and driving the Group's transformation into a new retail model through online and offline integration. She is also a director of certain subsidiaries of the Group. Before joining the Group, Ms Kwok worked in the private banking department of the renowned investment bank Morgan Stanley for more than 4 years.

Ms Kwok is passionate in driving industry excellence for the commerce and retail sectors. She has been an elected member of the retailer category of the Governing Council of the Quality Tourism Services Association (2017-2023).

Ms Kwok graduated from the University of British Columbia in Canada in 2004 with a Bachelor's degree in Economics.

Ms Kwok is the daughter of Dr Kwok Siu Ming Simon and Dr Kwok Law Kwai Chun Eleanor, the sister of Ms Kwok Sze Wai Melody and the niece of Mr Law Kin Ming Peter. She is 39 years old.

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

Mr Ho is the executive director and Chief Financial Officer of the Company. He is also a member of the Executive Committee and member of the Risk Management Committee of the Company. Mr Ho joined the Company as co-chief financial officer in April 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 also 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. Mr Ho has been a member of the Executive Committee of the Hong Kong Retail Management Association from July 2022. He is 47 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 63 years old.

Independent Non-executive Directors

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

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 76 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 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 resigned as the independent director and Chairman of Audit Committee of ReneSola Ltd whose shares are listed on the New York Stock Exchange with effect from 1 February 2023. 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 67 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 China Merchants Port Holdings Company Limited with effect from 8 December 2022, the shares of the company 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, 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, 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 and an independent non-executive director and member of the Nomination Committee of Genertec Universal Medical Group Company, 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 (April 2019 – March 2023) and 14th (March 2023–2028) National People's Congress of the People's Republic of China 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 Chief Executive's Policy Unit Expert Group (Social Development Expert Group) (May 2023 – May 2024), member of Communications Authority (April 2023 – April 2025), member of Committee on Innovation, Technology and Industry Development (March 2023 – March 2025), member of the Advisory Committee on Promotion of Arbitration (August 2018 – March 2024), member (June 2017 – June 2023) and chairman (June 2023 – June 2025) of the Innovation and Technology Commission "Innovation and Technology Venture Fund" Advisory Committee, 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 the Director heading the operations 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 council of Hong Kong Youth Exchange Promotion United Association (since January 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 – 30 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) and Chairman of the Knowledge Transfer Committee, Council Member of The Hong Kong University of Science and Technology (April 2016 – March 2022), Chairman (June 2018 – May 2020) and Vice-Chairman (May 2020 – June 2022) of eBRAM International Online Dispute Resolution Centre Limited and member of the Legal Aid Services Council (September 2018 – August 2022). He is 49 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 and Ms KWOK Sea Nga Kitty. He is 67 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 57 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 2022/23

Below are the highlights of our ongoing initiatives for the development of our corporate governance practices during the year ended 31 March 2023:

Effective Governance

The Board held six, instead of the usual five, board meetings in the year ended 31 March 2023, one of which was devoted entirely to the considerations of ESG issues.

Hybrid AGM

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

Strategic Meeting with Management

The Board held an in-depth half-day meeting with management during the year to deliberate on the Company's strategic plans.

Board Refreshment

The Board was refreshed and re-composed with the retirement of a long-tenured executive director and the appointment of two executive directors. The average age of our board members came down by four years and the board size increased from eight to nine members. The Board now comprised of both long serving directors with in-depth knowledge of the Company as well as newly appointed directors with fresh perspectives.

Board Evaluation

A comprehensive board evaluation was conducted in the year ended 31 March 2023 pursuant to which board composition, sufficiency and effectiveness of the board committees, board process, board effectiveness, professional developments and the skills required of directors in the context of the Company's strategic development were critically examined.

Compliance with Corporate Governance Code (CG Code)

The CG Code is the standard against which we measure ourselves. Throughout the year ended 31 March 2023, 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:

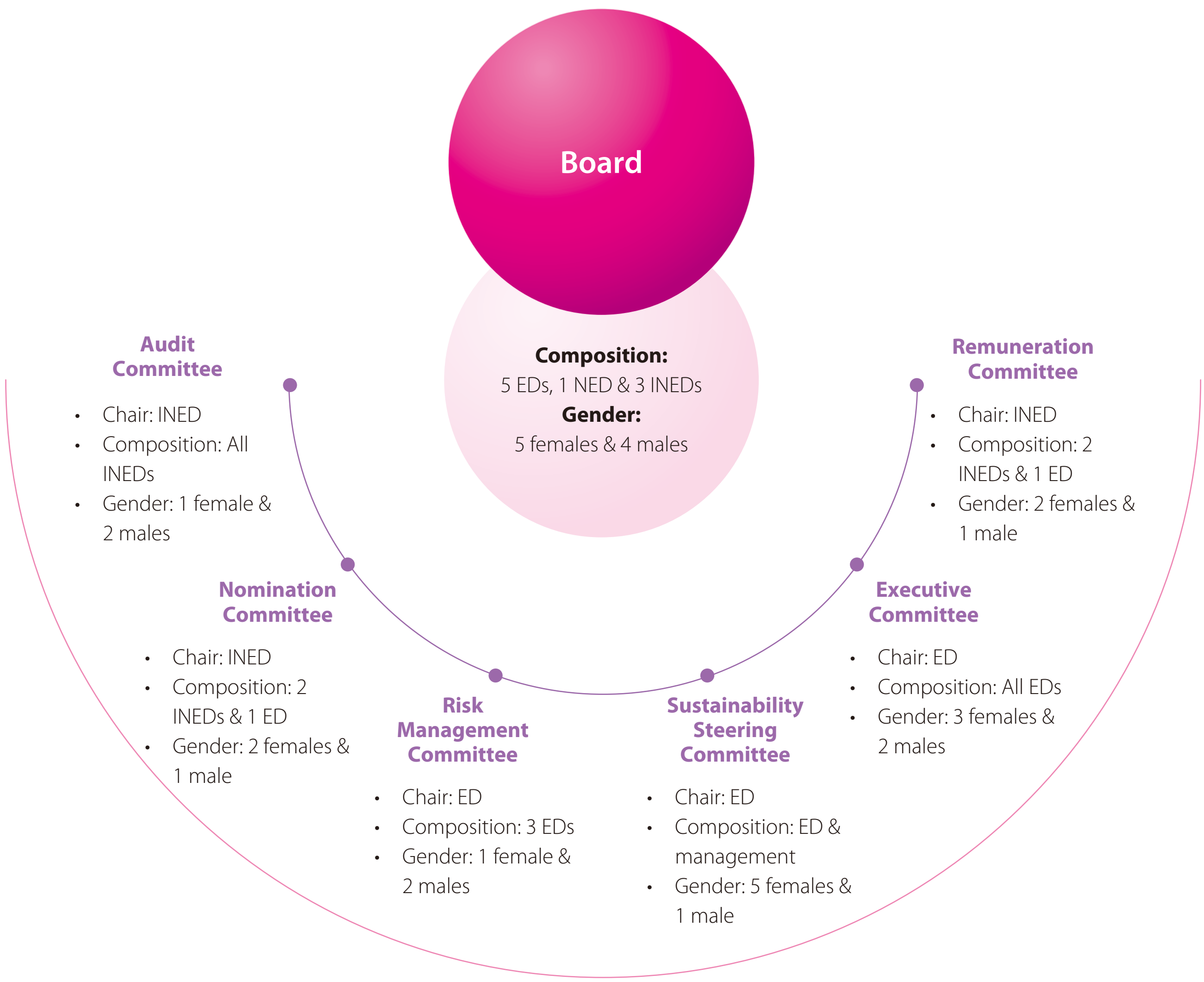
- ✓ Continued to hold our annual general meeting in hybrid form allowing participants the flexibility of attending in person or virtually.
- ✓ Held a total of six board meetings and 20 board committee meetings altogether, exceeding the minimum required by the CG Code.
- ✓ Board evaluation was conducted 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 one private meeting 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 20 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 C.2.1

The roles of chairman and chief executive should be separate and should not be performed by the same individual under code provision C.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



Corporate Governance at Sa Sa

Board Effectiveness

- Nine directors
- INEDs: 1/3
- Female directors: 56%
- Average age: 58
- Board meeting attendance rate: 98.3%
- INEDs serving more than nine years: 2/3
- 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

Shareholders

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

Leadership

Composition of the Board and Board Committees[1]

Board

Dr KWOK Siu Ming Simon (Chairman and Chief Executive Officer)*
Dr KWOK LAW Kwai Chun Eleanor (Vice-chairman)*
Ms KWOK Sze Wai Melody*
Mr HO Danny Wing Fi (Chief Financial Officer)[2]*
Ms KWOK Sea Nga Kitty[3]*
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*
Ms KWOK Sze Wai Melody*
Mr HO Danny Wing Fi*
Ms KWOK Sea Nga Kitty*

Risk Management Committee

Dr KWOK Siu Ming Simon (Chair)^
Dr KWOK LAW Kwai Chun Eleanor^
Mr HO Danny Wing Fi^

* ED #NED ^INED

Notes:

1 Dr LOOK Guy retired from his positions as executive director, chief financial officer, member of the executive committee and member of the risk management committee with effect from the conclusion of the AGM held on 31 August 2022.

2 Appointed as executive director, member of the executive committee and member of the risk management committee with effect from 30 June 2022.

3 Appointed as executive director and member of the executive committee with effect from the conclusion of the AGM held on 31 August 2022.

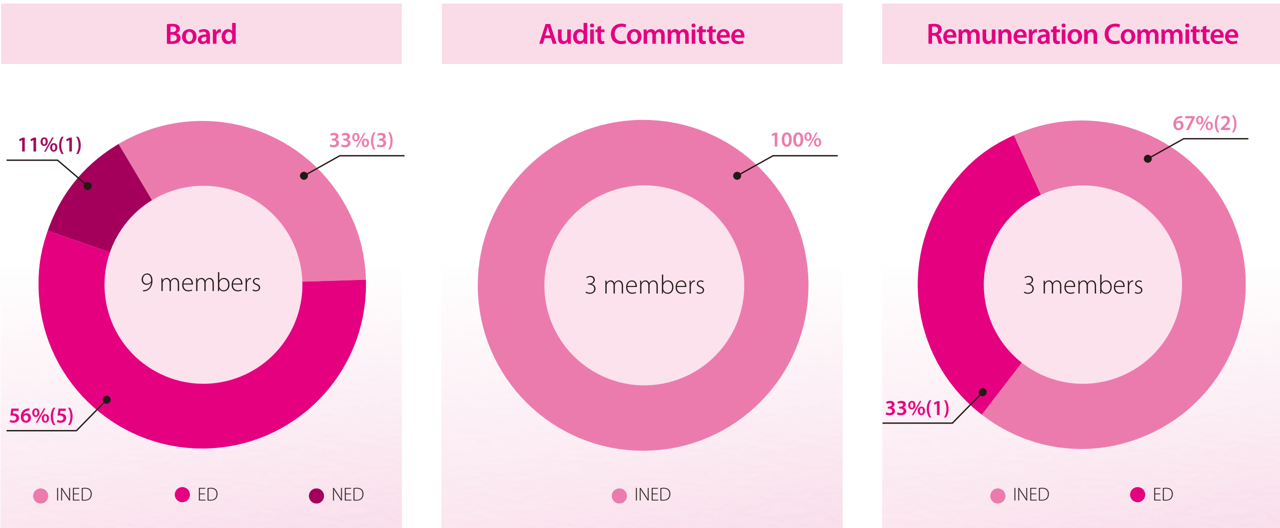
The Board has a balanced composition, comprising five executive directors, one non-executive director and three independent non-executive directors. This composition fulfils the parameters of the CG Code, which requires listed issuers to have independent non-executive directors representing at least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

The biographical details of each of our directors, including the relationship between Board members, are set out on pages 51 to 57 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.

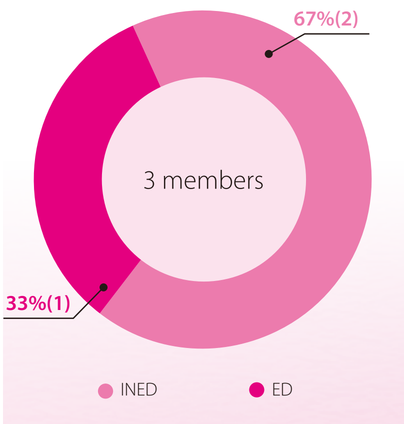
Independence

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.

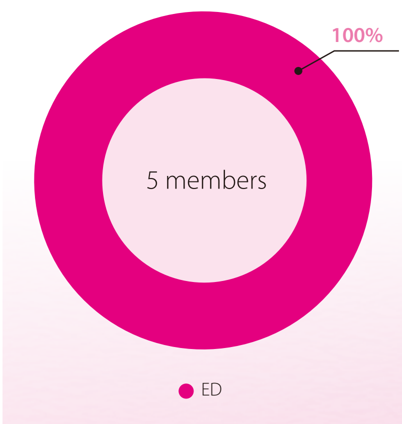
Board Independence



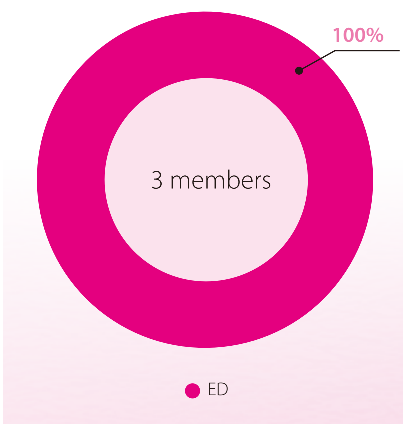
Nomination Committee



Executive Committee



Risk Management Committee



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 each individual director's character and judgement as demonstrated by his/her commitment and contribution to the Board during his/her 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 remains adamant that board appointments should be based on merits and the length of time any director has served is only one of many factors to be considered. 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.

The Company has in place effective mechanisms to ensure that independent views and input are available to the Board. These mechanisms include (i) reviewing board size and composition annually to ensure that suitably skilled and sufficient number of INEDs are appointed to the Board; (ii) reviewing the independence of each INED both on appointment and annually during the term of appointment; (iii) ensuring that the INEDs devote sufficient time, actively participate and make contributions in accordance with the Company's expectations; (iv) conducting board evaluations; (v) the Chairman taking the lead to ensure all directors, and in particular the INEDs, have sufficient information to perform their responsibilities and can do so candidly, openly and effectively, contributing to high standard of governance; and (vi) reviewing the compensation of the INEDs yearly to ensure they are properly compensated but are not financially dependent on, or have interests linked to, the performance of the Company so that they can express their views objectively and without bias at all times. The implementation and effectiveness of these mechanisms are reviewed by the Board annually.

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. Collectively, the Board possesses experience in retail, finance and accounting, law, branding and marketing, talent management, Mainland market, community services, management, technology and consumer journey digitalisation. Each Board member's relevant skills and experience have been disclosed in their biographical information on pages 51 to 57 of this annual report.

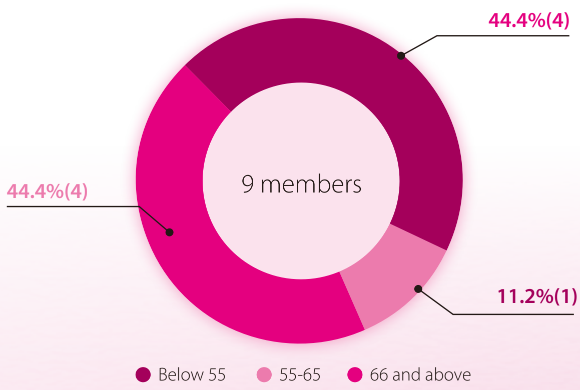
Our Board Diversity Policy reinforces the significant role women directors play in the Company and pledges to ensure a strong female representation at board level. With a female to male ratio of 5:4 on our Board as at 31 March 2023, the Board is satisfied that there is sufficient gender diversity at the Board level. A full version of the policy is set out below. It can also be found on our corporate website.

Board Skills Matrix

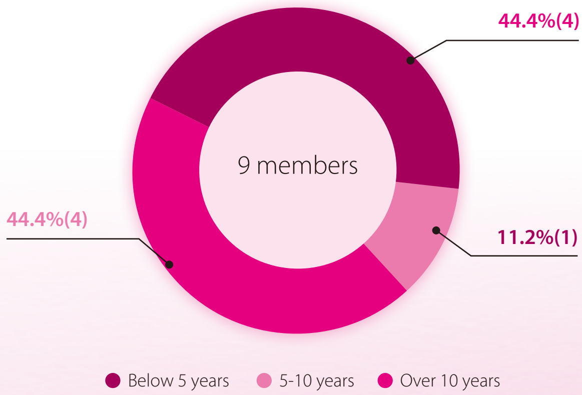
- Branding and Marketing
- Law
- Technology
- Mainland Market
- Consumer journey digitalisation
- Talent Management
- Management
- Finance and Accounting
- Retail
- Community Services

Diversity of expertise

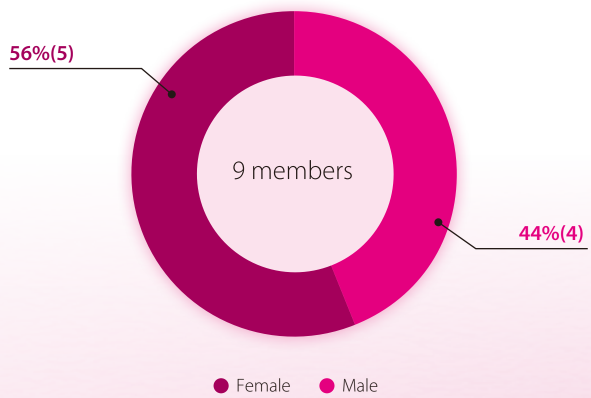
Age diversity



Length of services



Gender diversity



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.

Diversity across workforce

Our diversity philosophy is followed throughout the Group. Gender parity in respect of senior management* has been achieved with a 50:50 male to female ratio as at 31 March 2023. Please refer to page 111 of our ESG Report for the male to female ratio in respect of our general workforce and distribution across different seniority and functions.

We have taken, and continues to take, steps to promote diversity at all levels of our workforce and has policies on equal opportunities. As at 31 March 2023, our total workforce is comprised of 79% female and 21% male and are not of single-gender. Gender distribution in our office and logistics centre are more even while in the frontline stores, there are more females than males. Given the dynamic nature of our business, we have not set any measurable objectives in respect of the gender ratio for our general workforce, rather our focus is on identifying the right person for the right role while taking into account diversity in a range of areas, including gender.

* Senior management refers to the individuals identified on page 58 of this annual report.

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.

During the year, the Board appointed Mr HO Danny Wing Fi and Ms KWOK Sea Nga Kitty as additional EDs in accordance with our Board Diversity Policy and Nomination Policy. Mr Ho has over 20 years of experience in local and overseas financial and general management, as well as consumer journey digitalisation. Ms Kwok joined the Group in 2010 and has focused on different areas over the years including operations in the Mainland, online business as well as business development. She was promoted to Vice President of e-commerce in April 2018, overseeing the Group's e-commerce business in Mainland China, Hong Kong and Macau SARs, Southeast Asia and other regions, and driving the Group's transformation into a new retail model through online and offline integration. Both the Nomination Committee and the Board are satisfied that their background and age bring greater diversity to the Board. The appointment of Mr Ho and Ms Kwok will further strengthen the Board with added skills and perspectives. Mr Ho was re-elected as director by the shareholders of the Company in the AGM held on 31 August 2022 while Ms Kwok will hold office until the AGM to be held later on this year and is eligible for re-election by the shareholders of the Company.

Ms KWOK Sze Wai Melody, Mr CHAN Hiu Fung Nicholas and Mr TAN Wee Seng will retire by rotation at the AGM to be held in August 2023. All of them, being eligible, will offer themselves for re-election by the shareholders at the AGM.

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

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' reappointment 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 during the year ended 31 March 2023. 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 2023, we have five 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 75 and 78.

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, eleven 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.

Meetings of the Board, Board Committees and Shareholders

Meetings in 2022/23

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
				AGM							
B		B	B	B			B			B	
A		A		A			A				
R		R									
		N									
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[1]

The following table shows the attendance of Directors at Board meetings, Board Committee meetings and the AGM held in the year ended 31 March 2023.

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[2]	2/2[2]	1/1[2]	11/11	2/2	1/1
Dr KWOK LAW Kwai Chun Eleanor	6/6	4/4[2]	2/2	1/1	11/11	2/2	1/1
Dr LOOK Guy[4]	4/4	3/3[2]	N/A	N/A	4/4	N/A	1/1
Ms KWOK Sze Wai Melody	6/6	4/4[2]	N/A	N/A	11/11	2/2[2]	1/1
Mr HO Danny Wing Fi[5]	4/4	2/2[2]	N/A	N/A	9/9	2/2	1/1
Ms KWOK Sea Nga Kitty[6]	2/2	1/1[2]	N/A	N/A	7/7	2/2[2]	N/A
Non-Executive Director							
Ms LEE Yun Chun Marie-Christine	6/6	4/4[2]	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors							
Ms KI Man Fung Leonie	5/6	4/4	2/2	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	2/2	N/A	N/A	N/A	1/1
Total number of meetings	**6**	**4**	**2**	**1**	**11**	**2**	**1**
Average attendance rate of directors[3]	98.3%	100%	100%	100%	100%	100%	100%

Notes:
1. Attendance is expressed as the number of meetings attended out of the number of meetings held.
2. Attended as an invitee only.
3. Average attendance rate is calculated without the invitees.
4. Dr LOOK Guy retired as ED upon conclusion of the AGM held on 31 August 2022.
5. Mr HO Danny Wing Fi was appointed as ED on 30 June 2022.
6. Ms KWOK Sea Nga Kitty was appointed as ED upon conclusion of the AGM held on 31 August 2022.

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.

Board Meetings

Work done by the Board in the year ended 31 March 2023

6 meetings (98.3% attendance rate)

Financial

- ✓ Approved the annual results and annual report for the year ended 31 March 2022.
- ✓ Reviewed financial performance against budget and the market.
- ✓ Approved the interim report and interim results announcement for the six months ended 30 September 2022.
- ✓ 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.

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-appointments of Ms LEE Yun Chun Marie-Christine as NED and Mr TAN Wee Seng as INED.
- ✓ Approved the appointments of Mr HO Danny Wing Fi and Ms KWOK Sea Nga Kitty as additional EDs.
- ✓ Approved the re-elections of Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Ms LEE Yun Chun Marie-Christine as directors at the annual general meeting held on 31 August 2022.
- ✓ Approved the re-appointment of PwC as auditor of the Company.
- ✓ Approved the new share option scheme and proposed it to shareholders for approval at AGM held on 31 August 2022.
- ✓ Approved the new Memorandum and Articles of Association and proposed it to shareholders for approval at AGM held on 31 August 2022.
- ✓ Approved the amended Model Code for Directors and relevant employees, terms of reference of Remuneration Committee, shareholders' rights and procedures for shareholders to propose a person for election as a director.
- ✓ Considered reports from the chairs of the different board committees.
- ✓ Considered regulatory updates.
- ✓ Considered ESG risks, performance, progress against targets as well as sustainability trends and developments.
- ✓ Considered the findings from materiality assessment and stakeholders engagement and the way forward to sustainable development.
- ✓ Received updates from investor relations.
- ✓ Received directors' training on anti-corruption.
- ✓ Received updates on Listing Rules, including the amendments on Share Scheme and Core Shareholder Protection Standards.

Model Code for Securities Transactions by Directors

We have adopted our own model codes regarding securities transactions by directors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Our model codes are extended to certain "relevant employees" who, because of their office or employment, are likely to 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 Company's model codes 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 2023.

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 reviews and monitors the implementation of this policy to ensure its effectiveness periodically. All newly appointed directors are provided with induction and training on appointment, and are required to undertake continuous professional development throughout the term of their appointment, which may be 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 an 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	✓	✓	✓
Ms KWOK Sze Wai Melody	✓	✓	✓
Mr HO Danny Wing Fi	✓	✓	✓
Ms KWOK Sea Nga Kitty	✓	✓	✓
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 2023, the Company Secretary has complied with the requirement to undertake at least 15 hours of relevant professional training.

Board Effectiveness

Board Evaluation

We have conducted board evaluations since 2016 and the last board evaluation was conducted in April 2022. This involved each director completing a questionnaire rating the Board's performance on areas such as board composition, sufficiency and effectiveness of the board committees, board process, board effectiveness, professional developments and the skills required of directors in the context of the Company's strategic development. The questionnaire received a 100% response rate with free text comments and recommendations given by a number of directors. The findings were consolidated into an anonymised report for consideration at a board meeting.

The board evaluation results demonstrate that we have strong display of diversity in terms of gender, professional and business backgrounds, all Board members actively participate in Board meetings and contribute effectively, and that the Board has open and constructive deliberations. While the core skills that might need to be enhanced are technology, strategic thinking, markets outside Hong Kong, and climate change.

The findings led to discussions on enlarging the Board and strategies to develop younger managers and decisions to allocate more time to long term strategy, which led subsequently to the appointments of new EDs and an in-depth half-day meeting with management to discuss the Company's strategic plans.

Going forward, the Board is committed to reviewing its own performance and effectiveness at regular intervals of two to three years.

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 71. Throughout the year, the Board Chairman and Board Vice-chairman also attended the Board Committee meetings at the invitation of the respective Board Committees Chairs.

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 2023

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

- ✓ 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.
- ✓ Approved the amended whistleblowing policy.

Financial reporting

- ✓ Reviewed and considered the annual results for the year ended 31 March 2022 and related documents.
- ✓ Reviewed and considered the interim results for the six-months ended 30 September 2022 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 auditor

- ✓ 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 2022 and the six months ended 30 September 2022 and considered the auditor's independence.

The Audit Committee held one private meeting with the external auditor without the presence of the executive directors in the reporting period. This meeting 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 2023

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 directors

- ✓ Considered the re-appointment of Ms LEE Yun Chun Marie-Christine as NED and Mr TAN Wee Seng as INED.

Appointment of directors

- ✓ Considered the retirement of Dr LOOK Guy as ED.
- ✓ Approved the appointment of Mr HO Danny Wing Fi as ED, member of the Executive Committee and member of the Risk Management Committee, and the appointment of Ms KWOK Sea Nga Kitty as ED and member of the Executive Committee.

We have received from each INED written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has reviewed each confirmation 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 the INEDs' 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 2023

2 meetings (100% attendance rate)

Directors' and management's remuneration

- ✓ Reviewed and determined the remunerations of the directors and management for the financial year 2022/23 in consultation with the chairman of the Board and in accordance with the remuneration policy of the Group.
- ✓ Approved the remuneration packages of new Directors, Mr HO Danny Wing Fi and Ms KWOK Sea Nga Kitty.

New share option scheme

- ✓ Resolved to adopt a new share option scheme and to put it to shareholders for approval at the AGM held on 31 August 2022.

Remuneration of Directors and Senior Management

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 and management 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 directors 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 (except one newly appointed ED) 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 first six months of the year ended 31 March 2023.

Please refer to note 7 to the consolidated financial statements on pages 181 to 184 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 2023.

Executive Committee

Work done by the Executive Committee in the year ended 31 March 2023

11 meetings (100% 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 2023:
  - 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 71. 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 2023

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 2023 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 71. Please refer to pages 85 to 89 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 2023. 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 during the financial year under review.

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 2023.

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 2022/23, we 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.

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 descriptions 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 two incidents of non-compliance during the year ended 31 March 2023, one of which resulted in a fine of HK$2,000. Further details are provided on page 119 of the ESG Report.

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 the Hong Kong SAR, Mainland China and Malaysia have attended compliance trainings on personal data privacy and personal information protection laws, the ones conducted in Hong Kong and the Mainland were given by the internal legal team and the ones in Malaysia given by an external law firm. In the year ended 31 March 2023, three trainings were conducted in Hong Kong, and between April and May 2023, four trainings were conducted in the Mainland. 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 descriptions and trade practices, the legal team provides workshops and guidance to 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 are 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 pages 90 to 133 of the "Environmental, Social and Governance Report" in this Annual 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 85 to 89 of this Annual Report.

Quality Management System

The Group is fully committed to quality management. We continually monitor standard procedures and control processes which have already been embedded in the daily operations. Compliance and significant risk areas will be reviewed by Internal Audit and Management Services Department ("IAMS Department") during individual audit engagements. 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 2023, 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.

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 157 to 160.

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 2023, the fees paid by the Group to PwC amounted to approximately HK$3,492,000, comprising audit fees of HK$2,799,000 and non-audit fees of HK$693,000. The non-audit services consisted of tax advisory services, 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

2023 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 2023 will be held on or around Thursday, 24 August 2023. 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 19 July 2023.

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 134 to 138 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 134 to 138 of the "Investor Relations Report" in this Annual Report.

Communication with Shareholders

The Board and management maintain a continuing dialogue with the Group's shareholders and investors through various channels. The Chairman, other members of the Board and the external auditor attend AGM to meet shareholders. The Directors will answer questions raised by the Shareholders on the performance of the Group. The Company holds press conferences and/or analyst briefings twice a year following the release of interim and annual results announcements at which the EDs are available to answer questions and receive feedbacks regarding the performance of the Group. Our corporate websites which contain corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group enable the Company's shareholders to have timely and updated information of the Group. Shareholders can refer to the "Shareholders' Communication Policy" posted on our corporate websites for more details.

The prevailing Shareholders' Communication Policy has been reviewed by the Board and was considered appropriate and effective with reference to the Company's shareholders base and composition. Based on the activities conducted as disclosed in the Investor Relations Report on pages 134-138, the Board is satisfied that the Shareholders' Communication Policy has been effectively implemented during the year.

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.

Constitutional document

On 31 August 2022, the Company passed special resolutions to amend its memorandum and articles of association at the AGM in order to, among others, (i) reflect the latest amendments to the Listing Rules, particularly Appendix 3 concerning the core shareholder protection standards which came into effect on 1 January 2022; (ii) afford more flexibility in relation to the conduct of general meetings of the Company through allowing them to be held as virtual meetings in addition to hybrid and physical meetings; (iii) bring it in line with the applicable laws of the Cayman Islands; and (iv) make other consequential and housekeeping amendments which do not affect its substance in any material way. For details of the amendments, please refer to the circular of the Company dated 25 July 2022.

Saved as disclosed above, no significant changes have been made to the Company's constitutional documents during the year under review.

Other shareholder-related information

For details of the 2022 annual general meeting, upcoming important dates and year-end public float capitalisation, please refer to pages 134 to 138 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 2023.

ENTERPRISE RISK MANAGEMENT REPORT

Effective risk management is essential to the achievement of the Group's strategic objectives. 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 2023, 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

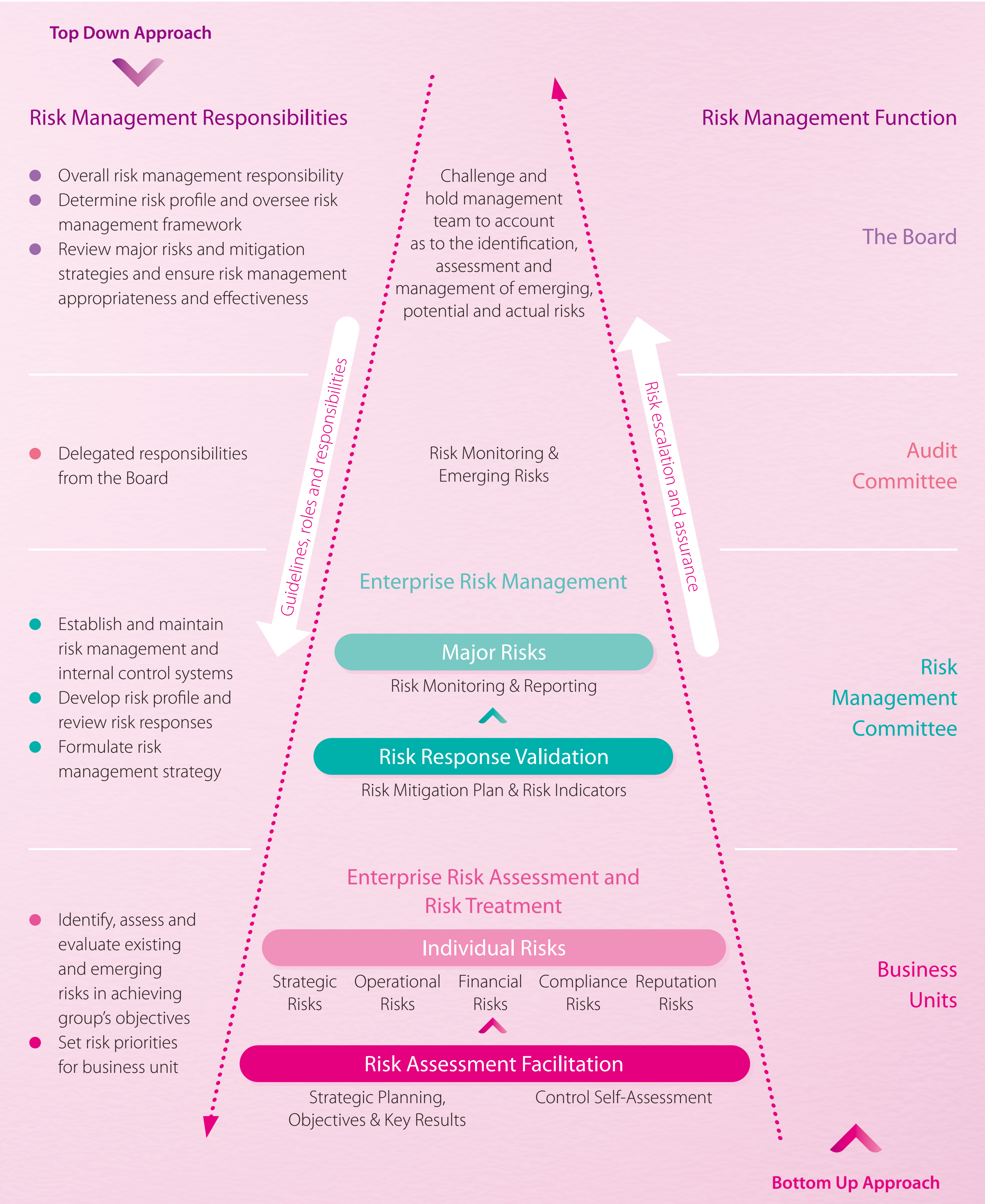
The ERM system uses risk indicators to monitor major risks. The setting of risk indicators aligns with the risk tolerance regime, representing the magnitude of risk the Group is willing to undertake in order to achieve its business goals. Risk owners are required to take mitigating actions to address 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 Internal Audit and Management Services Department ("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.

Purpose driven annual strategic planning based on objectives and key results aligned to the Group's strategic objectives (see section headed "Our Strategy") incorporating key performance indicators for all functions is conducted annually and progress is measured regularly throughout the year. These plans incorporate risks identified through the ERM system and provide management with a comprehensive set of indicators for monitoring both business performance and the associated risks. An illustrative diagram describing our ERM framework is set out on page 86.

Risk Governance & Infrastructure

The ERM Framework



Management of Major Risks

The adverse impact of the pandemic on our operations has eased although it will take time for economies in the regions we operate and our business to normalise. Aside from changes to Liquidity Risk and, Staff Health and Safety Risk, as a result of the easing of the pandemic, there have been no significant changes in the nature and extent of other major risks during the year.

In light of the relaxation of social distancing measures and return of tourism post pandemic, the attention and focus has turned to business opportunities and risks associated with not being able to take advantage of these and losing market share to existing and emerging competitors. To address these challenges and mitigate associated risks, the Group has established strategic plans and implemented people management initiatives.

Market Concentration Risk

The Group's home market and core region and channel is offline sales in Hong Kong and Macau SARs, with further offline sales operations in Malaysia and Mainland China, while via online we reach parts of Southeast Asia, North America, Australasia and Europe. The Group has ambitions to significantly grow the sales mix outside of our core region over time, particularly in Asia.

In order to facilitate steps towards these goals, accountability of markets and channels is clearly established with designated management teams. Steps have been taken to centralise management of offline and online channels to ensure in-sync, enhance synergies and possibility of driving online-merge-offline ("OMO").

Strategic plans for each market are clearly defined and encompass the Group's core strategic pillars of:

1. Desired assortment,

2. Accessible and engaging and

3. Aspirational brands.

Please refer to "Our Strategy" on pages 10 to 15.

Online Threats and Opportunities

The Group conducts online cross-border sales of products into Mainland China via Wechat Mini-program. In order to enhance reach and stickiness, the WeChat mini-programme has been extended for use by beauty consultants based in our retail stores both in Hong Kong and Macau SARs, and also Mainland China. The Group is also strategically committed to extending its reach beyond Hong Kong and Macau SARs, and Mainland China, and is targeting to launch in Asia on, both existing and new, third-party platforms to expand income channels, reduce reliance on individual platforms, and diversify concentration risk. In terms of product assortment, the Group will increasingly focus on exclusive brands where it has the right-to-win and can enhance stickiness with customers.

Covid-19 accelerated the purchase behaviour shift towards online shopping, and now with social distancing measures eased, the Group is focused on enabling OMO in order to stay "customer-centric". This new retail model is expected to be a key enabler of online sales going forwards. 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 seamless touch points with customers. 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 demands, the quality of such products and our ability to strengthen our exclusive brands portfolio.

The Group invests significant amounts in quality control to ensure only genuine and quality products are sold through our channels. In recognition of these efforts, the Group has received Q-Mark Elite Brand Award for the past 17 years. Additionally, the Group has participated in HKSARG Intellectual Property Department's "No Fakes Pledge" Scheme for 20+ years and has been recognized under "The Quality Tourism Services Scheme" by Hong Kong Tourism Board. The Group is so confident in these investments that both online and offline customers enjoy a 30-day Purchase Guarantee when they shop with us .

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 platform". While our core categories are skincare, make-up and fragrance, developing new product categories in line with our purpose of "making life beautiful" such as personal care products and inner beauty related health and fitness products, is a core driver of growth will help to reduce reliance. By adopting a broader product offering, we can also better serve and hence improve the loyalty of existing customers, and also attract new customers and customer segments.

A core part of the Group's strategy is to invest in and build exclusive products to enhance product competitiveness, see "Our Strategy" on pages 10 to 15.

Talent Acquisition, Training and Retention

Competition for talent has been a recurring theme and continues to remain a challenge for the Group. However, demographic changes post pandemic have increased the severity if this risk including reduction in the working population due to emigration abroad and overall low unemployment rate. Human capital is one of the most important, if not the most, assets. The Group is actively adopting new recruitment channels and optimising training and development programmes to attract, develop and retain talents to support the Group's future growth.

New Recruitment Channels

In addition to expanding our traditional recruitment channels, the Group is leveraging the power of social media, mobile apps and other electronic channels to acquire talents and raise our profile with the public. The Group also makes use of internal resources and networks through the Staff Referral Scheme.

Home Grown Talent – Future Management Pipeline

Our Management Trainee Programme targets high potential university graduates, offering them an individually planned, fast track career path to managerial level in our frontline sales operations or e-commerce business. Over the years, the scheme has provided many managers for the organization.

Training and Development

We have in place a series of effective functional training and development programmes such as Junior Beautician Trainee (JBT) and Sales Trainee programmes, These are offered in our Sa Sa Beauty Academy, 'Big Sister and Brother scheme' and the Sa Sa e-learning platform with the aim of upgrading staff competency levels, ensure consistency in service quality and to promote team spirit. The JBT and 'Big Sister and Brother scheme' are extended to our offline operations in Mainland China. The JBT programme helps to equip new joiners with relevant professional product knowledge and offers skillsets to achieve service and selling excellence. The Big Sister and Brother scheme aims to create a harmonious working environment, strengthen bonding relationships, encourage the sharing of experience and improve frontline staff retention. Our one-stop e-learning platform consolidates all training and development courses into one database, enabling frontline staff to access all relevant training information so that they can learn at times that are convenient to them without requiring extra travel and expense.

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 identified as a risk.

The Personal Information Protection Law, the first data privacy law in Mainland China, came into effect in November 2021. The law regulates the handling of personal information and contains provisions for extraterritorial enforcement. Our operations in Mainland China including offline stores and our cross-border e-commerce platforms are subject to this law.

As the world becomes increasingly digital and the collection and use of data becomes more prevalent, potential risks related to data collection and use within the Group are expected to intensify. Personal data privacy risks may result in losses to our customers, potential fines, and damage to our reputation and business.

The Group has a personal data privacy policy in place and 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, it regularly reviews its practices to keep up to date with the latest legal and regulatory developments assisted by Legal and Company Secretary Department Improvement plans are formulated if discrepancies are identified, and reassessments will be undertaken to ensure that adequate and sufficient remedial actions are taken. External consultants will be engaged where necessary to provide in-depth training to staff involved in handling personal data.

The Group has stepped-up attention to information security management. The Group has enhanced its existing IT security controls, and continues to raise awareness of potential IT security threats to the organisation.

Ethical Business Practice

We are committed to enforcing ethical business practices 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 may be more apparent during economic downturns.

To evaluate and manage fraud risks, all business units and departments 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, are 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. To cultivate fairness, honesty, and integrity among our employees, we provide continuous training and improve our communication with them. Our anti-corruption policy is formulated according to the most effective practices in the industry, and we routinely evaluate and revise our employee handbook and code of conduct. We stress our company's unwavering zero tolerance for unethical actions, which is mandated for all personnel. These measures are aimed at ensuring that our employees consistently uphold the highest standards of professional ethics. 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, banks and logistics service providers in some aspects of our business. Our aim is to improve performance by leveraging their specialised expertise, well-developed service network, operational efficiency and 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 mitigate these risks, the Group has established comprehensive key measures to continuously evaluate and monitor service levels. These measures include clear terms and conditions laid out in service agreements, regularly review service levels with targets, compare service levels and prices to the market, and maintain a backup vendor list. The Group may involve external professionals, executives and other functional teams as necessary in these reviews. Although the Group tends to maintain long-term relationships with third-party service providers, it would not hesitate in terminating the services of under-performing vendors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABLE BEAUTY

MESSAGE FROM THE CHAIRS

In the year ended 31 March 2023, the focus on climate change and the risks and opportunities arising continued, both globally and locally.

Sa Sa supports the path to net-zero by 2050 and will remain steadfast in its sustainability journey building climate adaptation and resilience, joining forces with our stakeholders through innovation, engagement, experience sharing, collaboration and consistently measuring, managing and reporting our progress.

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

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

OUR SUSTAINABILITY JOURNEY

2011/12

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

Hang Seng Corporate Sustainability Index Series Member 2011-2012

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

10 years+ 商界展關懷 caringcompany

2015/16

Glocal Greenovation Challenge

2016/17

Award for Corporate Governance Excellence and Award for Sustainability Excellence

Hong Kong Corporate Governance & ESG Excellence Awards

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

2019/20

Hong Kong Awards for Environmental Excellence (HKAEE)

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 caringcompany

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

2022/23

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

LAST UPDATE: September 23, 2021

- 10th anniversary in participation of Lai See Reuse and Recycle Program

- Special Mention, 2022 Best Corporate Governance and ESG Awards (HKICPA)

2022/23 SNAPSHOT

MSCI ESG rating upgraded to **A** from BBB

Stakeholders engagement and materiality assessment collecting and analysing the views of over **10,000** internal and external stakeholders

Special Mention in the Non-Hang Seng Index (Small Market Capitalization) Category, CG Awards, 2022 Best Corporate Governance and ESG Awards (HKICPA)

10th anniversary of our participation in the Lai See Reuse and Recycle Program, collecting a record breaking of **5.7** tonnes of red packets, equivalent to **97** trees

Independent reasonable **assurance** on key climate data

29[Note] stores signed up for a higher level of award from gold to platinum under the Charter on External Lighting

Quarterly sharing of our plastic shopping bags, paper and electricity consumption data at management meetings

8 staff engagement on waste circularity, microbeads, personal data privacy and paper consumption

Low carbon lighting retrofit installed in selected stores

Note: Some of our shops do not have external lightings and therefore are not signatory to the Charter.

OUR SUSTAINABILITY FRAMEWORK

Our Planet

Preserve our Planet

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

13 CLIMATE ACTION
14 LIFE BELOW WATER

Our People

Empower our People

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

4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Our Customer

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

3 GOOD HEALTH AND WELL-BEING
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our Community

Achieve Sustainable Growth Together

- Invest in the community
- Collaborate to flourish

17 PARTNERSHIPS FOR THE GOALS

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 engagement activities and awareness education.

Our board of directors has overall responsibility for our sustainability strategy, development, reporting and management of ESG issues and risks. Our sustainability steering committee, chaired by one of our executive directors and supported by our ESG team, is 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. There is sufficient linkage between the Company's governance on ESG matters and corporate governance with alignment at the highest level. Six board meetings were held in the financial year ended 31 March 2023 and deliberation of sustainability related issues was on the agenda in four of such board meetings. The matters considered include (i) integrating ESG into business strategies; (ii) insights from stakeholders survey; (iii) insights from investors interviews; and (iv) way forward.

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.

MATERIALITY ASSESSMENT

Driving change in sustainability is about influencing and empowering our stakeholders to act as we cannot do it alone. We regularly engage with our stakeholders through multi-channels communications and interactions. With the assistance of an independent consultant, a large-scale stakeholders engagement and materiality assessment was conducted during the year, laying a new foundation in furtherance of our sustainability strategies for the coming years.

Stakeholders Engaged

Individuals from 12 stakeholder groups, including suppliers from overseas, were invited to participate in a materiality assessment survey.

Board	**Investors**	**Management**	**Trade Associations**
Landlords	**Customers**	**Banks**	**Employees**
Suppliers	**NGOs**	**Service Providers**	**Universities career services units**

50,527 stakeholders were successfully invited by email and SMS, and an overwhelming 10,379 of them responded (21% response rate), out of which 1,639 stakeholders provided free text feedbacks on top of answering the survey.

Separate one-on-one interviews were conducted with selected institutional investors.

The Process

- Horizon scanning reviewing corporate vision, existing sustainability programmes, past materiality assessment processes and results.
- Bootcamp session to align directions and expectations and specifics to prepare for the materiality assessment.
- Peer analysis of material issues.
- Design of quantitative survey. Framing questions to avoid bias. Max-Diff approach for respondents to choose from a best-worst scale, which simulates real-world behaviour of making trade-off in constraints.
- Survey sampling, stakeholders identification and invitation.
- Conduct the survey.
- Data analysis and results reporting of the materiality survey.
- Design and development of discussion guide for in-depth one-on-one investors interview.
- Manage interview invitations.
- Conduct interviews.
- Consolidate findings into insights.
- Stakeholders survey analytic report and investors interview insights report presented separately for consideration by the Board and Management.

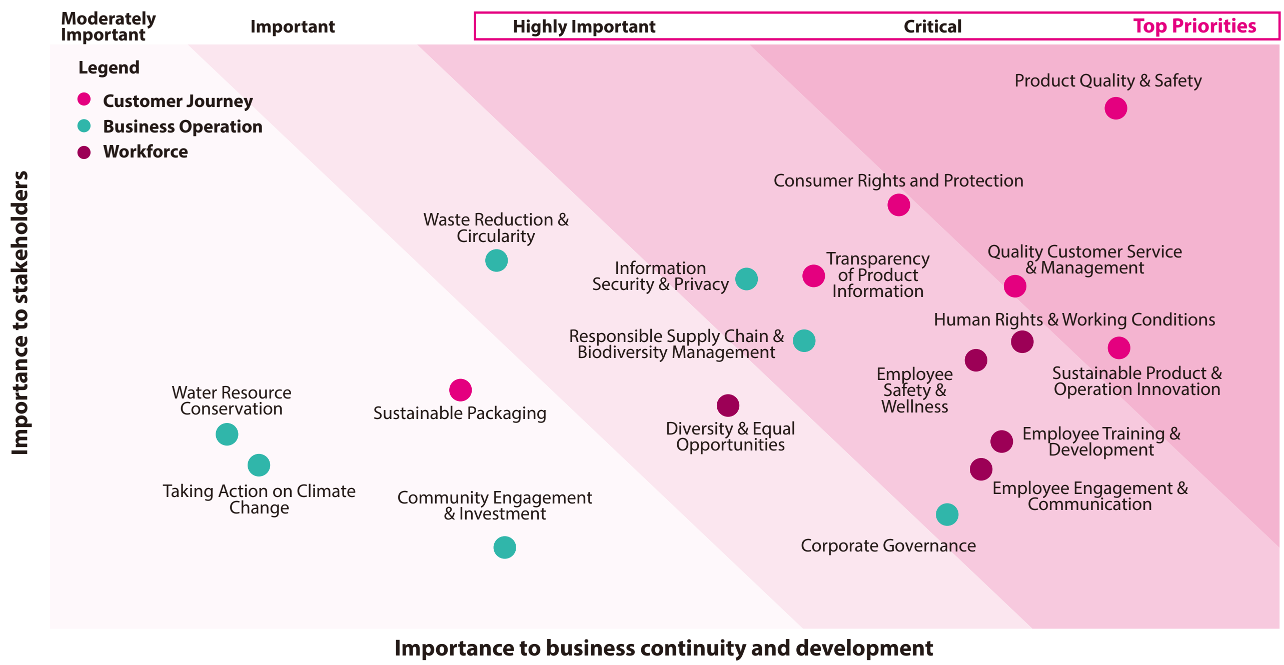
What We Learnt

Products and services related issues are the **top concerns** across all respondent segments	Waste reduction ranked **#3** material issue for customers and is an improvement area for Sa Sa	Only **2%** customers responded that sustainability is totally irrelevant to them
40% customers consider sustainable options as a necessary or important factor when choosing a shopping place	Sustainable product and operation innovation ranked **#1** material issue by internal stakeholders	**95%** of internal respondents support the Company doing more in sustainability

What Our Stakeholders Are Telling Us

Our follow up actions are discussed in this report.

Materiality Matrix



Step up our climate action.

Preserve Our Planet – Our Commitments

- Take action on climate change by building culture of sustainability and encouraging behavioural 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.

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 in times of typhoons and rainstorms 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.

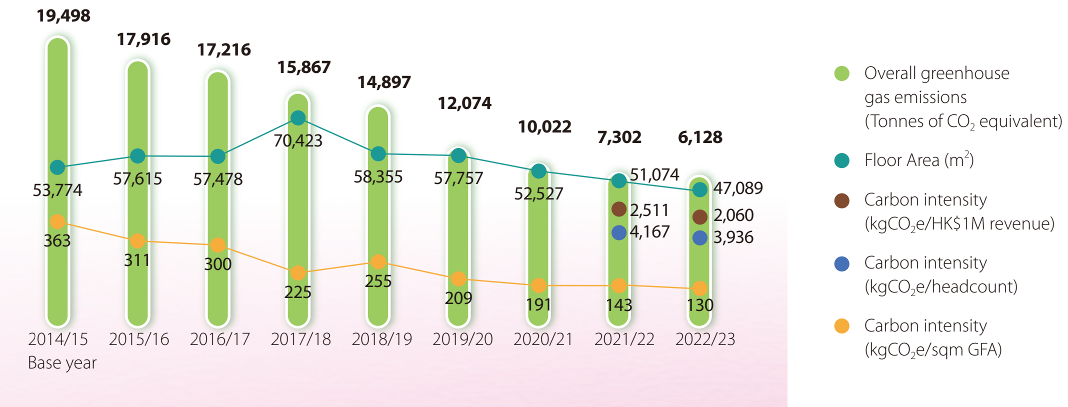
Transitional Risks

- 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 local environmental laws and regulations like the waste charging scheme and producer responsibility scheme on glass beverage containers.

Performance Overview: GHG emissions

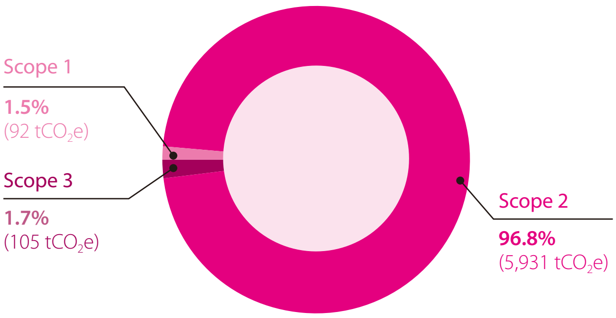
As at 31 March 2023, we operated a total of 79 stores in Hong Kong and Macau, a reduction of six from last financial year. Our operations generated 6,128 tonnes of carbon dioxide equivalent (CO_2e), a decrease of 16.1% in absolute terms from last financial year. Compared to the emissions in our base year of 2014/15, our emissions have come down by 68.6%.

GHG Emissions and Carbon Intensity



Energy consumption through purchased electricity (Scope 2 emissions) is the source of more than 97% of our total GHG emissions. Among our operation facilities, retail stores are responsible for most of the electricity consumed, accounting for 68% of the total, followed by logistics facilities (22%) and offices (10%). In 2022/23, our overall electricity consumption dropped by 10.03% compared to the previous financial year.

Scopes 1, 2 and 3 Emissions

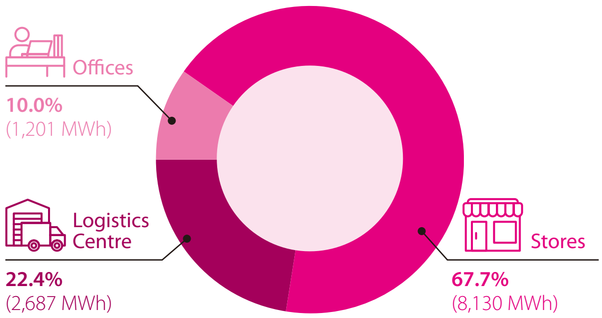


Scope 1: Direct GHG emissions
Company-owned trucks and private cars

Scope 2: Electricity indirect GHG emissions
Purchased electricity used in our offices, logistics centre and stores

Scope 3: Other indirect GHG emissions
Business air travel, 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



2022/23
Electricity consumption:

↓10.03%

YoY change

2022/23
Electricity intensity (per sqm GFA):

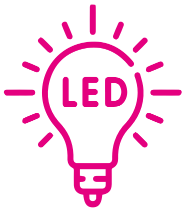
↓2.6%

YoY change

2022/23 Initiatives: Climate Actions

Innovation

Partnering with a leading supplier of LED lamp technology, five[Note] of our stores were retrofitted with low carbon lighting with higher efficacy measured by lumens per watt, producing an expected savings in energy consumption of more than 15%.

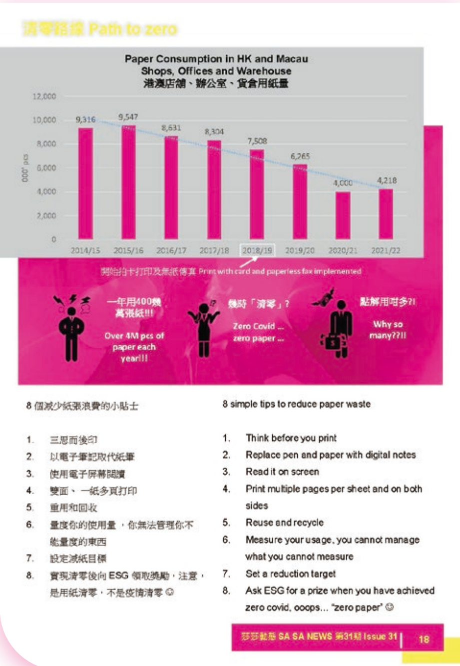


Sun-blocking curtain was installed in our warehouse to lower indoor temperature and reduce air-conditioner usage.

Note: One store during the reporting period and four more stores up to the date of publication of this report.

Carbon-conscious culture in the workplace

Path to zero vision on paper consumption featured in one of our newsletters to all staff, providing both quantitative data and useful reduction tips.


清零路線 Path to zero

8 個減少紙張浪費的小貼士

1. 三思而後印
2. 以電子筆記取代紙筆
3. 使用電子屏幕閱讀
4. 雙面、一紙多頁打印
5. 重用和回收
6. 量度你的使用量，你無法管理你不能量度的東西
7. 設定減紙目標
8. 實現清零後向 ESG 領取獎勵，注意，是用紙清零，不是疫情清零 ☺

8 simple tips to reduce paper waste

1. Think before you print
2. Replace pen and paper with digital notes
3. Read it on screen
4. Print multiple pages per sheet and on both sides
5. Reuse and recycle
6. Measure your usage, you cannot manage what you cannot measure
7. Set a reduction target
8. Ask ESG for a prize when you have achieved zero covid, ooops... "zero paper" ☺

莎莎動態 SA SA NEWS 第31期 Issue 31 | 18

To commemorate the 10th anniversary of the Company's participation in the Lai See Reuse and Recycle Program, a staff photo competition was organised.

All staff invited to participate in Green Low Carbon Day 2022 organised by The Community Chest of Hong Kong and sponsored by MTR. Participates were encouraged to "share, enjoy and cherish green".

Other measures

Since the use of electricity (scope 2 emissions) is the largest source of our total carbon emissions, our focus is on reducing our electricity consumption. Other measures we took throughout the year 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 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

- Turning off the lights and air-conditioning in the "robotic operations" zone
- Sensors on conveyor belt to minimise energy use when idle
- 100% installation of LED lighting, and motion sensors in areas that are not always occupied
- 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

Environmental Targets and Progress

	Target	Progress
Target set in 2019/20	38% reduction in total GHG emissions by 2025 against base year of 2014/15	Already achieved Total GHG emissions ↓68.6% vs base year 2014/15
Revised target set in 2021/22[Note 1 and Note 2]	70% reduction in total scope 1 and scope 2 GHG emissions by 2025 against base year 2014/15	Total scope 1 and scope 2 GHG emissions ↓68.6% against base year 2014/15 and ↓16.1% against last financial year
Absolute electricity consumption ↓54% vs base year 2014/15	Electricity intensity per sqm of GFA ↓48% vs base year 2014/15	Absolute electricity consumption ↓10.03% vs last financial year

Note 1: Further revised to cover scope 1 and scope 2 emissions only as we intend to gradually expand the categories of our scope 3 emissions reporting from financial year 2023/24 onwards.

Note 2: As energy consumption through purchased electricity is the source of 96.8% of our total GHG emissions and 98.5% of our scope 1 and scope 2 emissions combined, this is our target for energy use efficiency too.

Performance Overview: Packaging Consumption

Carton boxes
for online delivery

178,047 kg 2022/23 | 207,043 kg 2021/22

-14.0% YoY change

Carton boxes
for offline delivery

151,531 kg 2022/23 | 199,450 kg 2021/22

-24.0% YoY change

Shopping bags[Note]

1,196,330 pcs 2022/23 | 1,184,398 pcs 2021/22

+0.98% YoY change

Plastic pallet
(2-HDPE or 5-PP)

0 kg 2022/23 | 1,000 kg 2021/22

-100% YoY change

Wooden pallet

0 kg 2022/23 | 18,000 kg 2021/22

-100% YoY change

Shopping bags consumption intensity (per transaction)

0.14 pcs 2022/23 | 0.14 pcs 2021/22

-0.5% YoY change

Stretch film
(4-LDPE)

20,560 kg 2022/23 | 18,663 kg 2021/22

+10.2% YoY change

Bubble wraps
to protect goods in online delivery (2-HDPE or 4-LDPE)

12,875 kg 2022/23 | 19,907 kg 2021/22

-35.3% YoY change

Air pillows
to fill voids to protect goods in delivery to offline stores (2-HDPE or 4-LDPE)

8,265 kg 2021/22 | 10,836 kg 2021/22

-23.7% YoY change

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

2022/23 Initiatives: Resource Conservation

Innovation-led logistics

Replacing single use plastic pallet wraps (stretch film) with reusable pallet wraps in our logistics operations.

Using bags instead of carton boxes for online delivery of small items to reduce carton boxes, air pillows and bubble wraps consumption. On average, the volume of the parcel reduced by 69% and there is a reduction of one air pillow and two sheets of bubble wraps per SKU, on top of the carton box saved in each transaction.

After extensive testing, reducing the standard number of layers of bubble wraps from four to two with average materials saving of up to 53%.

Redesigning our adhesive packing label for both online and offline delivery reducing its size by an average 63% to reduce plastic waste.

In an effort to conserve resources, we continuously strive for innovation and efficiency in our operational practices. Other 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.

Performance Overview: Water Consumption

Water consumption

3,819 cu.m 2022/23 | 5,824 cu.m 2021/22

–34.4% YoY change

Water intensity (per headcount)

2.5 cu.m 2022/23 | 3.3 cu.m 2021/22

–24.2% YoY change

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. Waste water discharge is not a material aspect in our operations.

We ensure water conservation icons are placed next to the water faucets in our facilities, and flow controllers for water taps have been installed at our logistics facilities and offices to improve water efficiency. These steps will help us achieve our target of overall reduction in water consumption.

2022/23 Initiative: Water Conservation

Flow controllers for water taps installed at our office pantry estimated to save 30% of water consumption annually.

Performance Overview: Waste[Note]

Non-hazardous waste disposed

Solid waste

27.7 tonnes 2022/23 | 27.4 tonnes 2021/22

+1.0% YoY change

Liquid waste

15.0 tonnes 2022/23 | 16.1 tonnes 2021/22

-6.8% YoY change

Hazardous waste disposed

Chemical waste

0 tonnes 2022/23 | 0 tonnes 2021/22

0% YoY change

Waste intensity (per HK$1M revenue)

14 kg 2022/23 | 15 kg 2021/22

-6.7% YoY change

Zero landfill vision

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

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. Since the financial year 2021/22, we have prioritised our performance measurement and management on waste generated from our operations, which is where we have the biggest impact. Our target is to increase waste diversion from landfills by reusing and recycling. Our progress is reported in the "Reuse and Recycle" section below.

We continue to raise awareness among our stakeholders to encourage waste separation and recycling and to discourage the use of non-reusable items.

- 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 behavioural change which we will continue to focus our efforts on.
- 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.

Note: Solid waste comprised mainly of damaged, obsolete or expired products or materials as well as materials such as backing paper for adhesive labels which are not recyclable. Liquid waste comprised mainly of damaged or expired products containing liquid. Chemical waste consisted mainly of items such as expired or damaged perfumes, 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 2022/23.

Performance Overview: Reuse and Recycle

Carton boxes
Recycled

90,020 kg 2022/23 | 89,700 kg 2021/22

+0.4% YoY change

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

0 kg 2022/23 | 90 kg 2021/22

-100% YoY change

Stretch film
(4-LDPE)
Recycled

3,400 kg 2022/23 | 5,700 kg 2021/22

-40.4% YoY change

Wooden pallet
Recycled

0 kg 2022/23 | 0 kg 2021/22

0% YoY change

Carton boxes
Reused

98,100 kg 2022/23 | 55,200 kg 2021/22

+77.7% YoY change

2022/23 Initiatives: Reuse and Recycle to Reduce Waste

Inspiring online workshop given by Greeners Action (an NGO focusing on promoting sustainable lifestyle particularly on waste reduction, plastic pollution and food waste issues) on waste circularity attended to by our office staff.

We continued to encourage reduction of food waste by collecting mooncakes after the Mid-Autumn festival from our office staff and sent them to Food Angel for distribution among low-income families.

Lai See Reuse and Recycle Program

This is a program we have proudly sponsored for 10 years since 2014. This year's total collection points extended to over 300, 50 of which were selected Sa Sa stores. Red packets collected reached an all time high of 5.7 tonnes (last year: 2.3 tonnes*), an increase of 151% compared to last year.

* excluding carton boxes

In the 14 years since this program was first launched by Greeners Action in 2009, over 239 tonnes (around 80 million pieces) of red packets have been collected, equivalent to around 4,415 trees. Sa Sa has collected a total of 19.9 tonnes of red packets for reuse and recycle in the last 10 years, with customers, staff and school children near our stores supporting the program with enthusiasm.

In addition to being green, the icing of this program is that the red packets collected are sent to Sheltered Workshops[Note] for sorting, packing and transformation into "reborn" red packets that can be reused while creating job opportunities.

Carton boxes returned from our stores to warehouse for reuse after replenishment increased **77.7%** compared to last year, a testament to the success of our reward program.

Note: Shelter workshops provide persons with illnesses or disabilities who are not able to enter into open employment with appropriate vocational training in a specially designed environment through an income generating work process to prepare them for open employment and community reintegration.

Performance Overview: Paper Consumption

Consumed

Offices	413,161 pcs	(2,066 kg)
Logistics centre	933,786 pcs	(4,669 kg)
Stores	2,151,991 pcs	(10,760 kg)

Total by pieces

2022/23	2021/22	YoY change
3,498,938 pcs	4,217,500 pcs	**-17.0%**

Total by weight

2022/23	2021/22	YoY change
17,495 kg	21,088 kg	**-17.0%**

Recycled

	2022/23	2021/22
Offices	19,349 kg	18,635 kg
Logistics centre	2,040 kg	1,800 kg

Total recycled

2022/23	2021/22	YoY change
21,389 kg	**20,435 kg**	**+4.7%**

Paper use intensity (per headcount)

2022/23	2021/22	YoY change
2,247 pcs	**2,407 pcs**	**-6.7%**

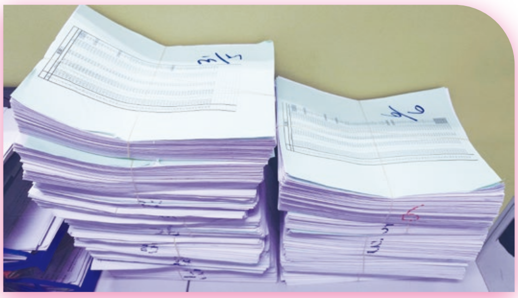
Paper use intensity (per HK$1M revenue)

2022/23	2021/22	YoY change
1,176 pcs	**1,450 pcs**	**-18.9%**

2022/23 Initiative: Invest in Technology

ePOD (electronic proof of delivery)

Developing plan to introduce ePOD in our goods delivery process to replace piles of paper with electronic data.



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
- Producer responsibility scheme on glass beverage containers effective 1 May 2023

OUR PEOPLE

Diverse beauty products and quality service delivered by an engaging workforce in a sustainable way.

Empower our people – Our Commitments

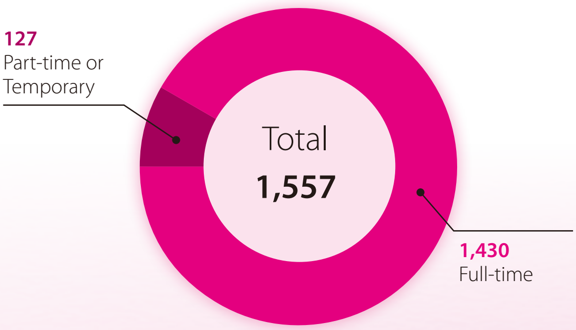
- Invest in training and development
- Developing women leaders in the retail industry
- Promote equality, diversity and inclusion

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.

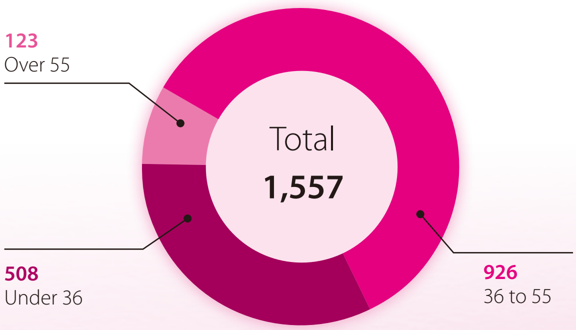
Our principal subsidiary in Hong Kong is also a signatory to the Mental Health Workplace Charter.

Employees Profile

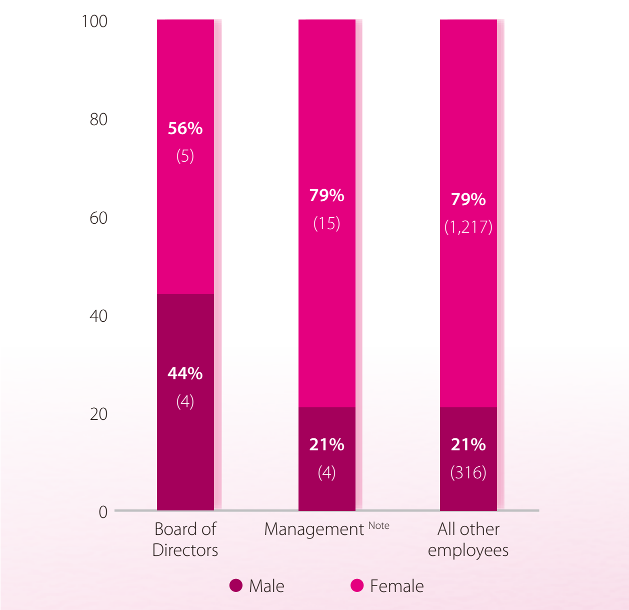
Number of employees by employment type



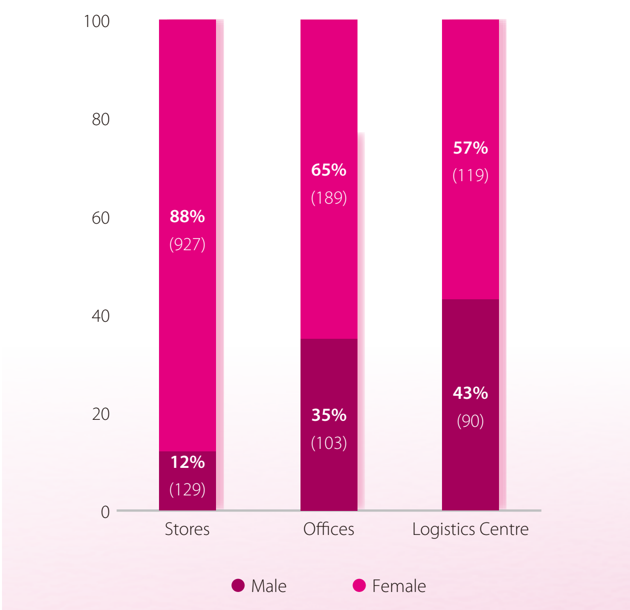
Number of employees by age group



Gender distribution by seniority (number of employees)



Gender distribution by function (number of employees)



Performance Overview: Empowering Our People

Number of staff who completed the Junior Beautician Trainee (JBL) curriculum

75 2022/23 | 87 2021/22

-13.8% YoY change

Women in leadership

	2022/23	2021/22
Directors	**56%**	50%
Management	**79%**	62%

Total number of employees trained

426 2022/23 | 767 2021/22

-44.5% YoY change

Total number of training hours

58,585 2022/23 | 45,742 2021/22

+28.1% YoY change

Average hours of training per employee

37.6 2022/23 | 26.1 2021/22

+44.1% YoY change

Note: "Management" in this ESG Report refers to all senior vice-presidents, vice-presidents, department directors and associate directors located in Hong Kong but excludes the Company's executive directors who have been included under Board of Directors.

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:

- 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

Junior Beautician Trainee

155 hours

We hire candidates with one to two years of work experience for this role, and provide four months of 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

Our sales trainees and management trainees are also required to complete the JBT curriculum.

Beauty Consultant

Products: 40 hours
Services: 28 hours
Total: 68 hours

Continuous training for our Beauty Consultants:

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

Big Sister and Big Brother

Total: 18 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.

2022/23 Initiatives: Upskilling and Re-skilling

KOL Competition

Cultivating talent is one of our core passions. We prioritise equipping our people with the right skills for the ever-changing retail environment with tailor-made training initiatives. Seizing the opportunities arising from new retail, we empower our professional beauty consultants to become KOLs, by elevating their one-to-one service skills to one-to-many influencing power on social platforms. The internal KOL competition organised during the year was designed to inspire our beauty consultants to unleash their true potential by enhancing their presentation skills in interactive ways to engage with online audience, while instilling creativity in their delivery to drive impact and results but all the time acting with genuine authenticity.

Employees Health and Wellness

The Company has always taken pride in being a Caring Company. Improving employees health and wellness to foster a sustainable work life and prevent burnout is at the heart of our talent development strategy.

2022/23 Initiatives: Building Workforce Resilience

Yoga Class improving both physical and mental health and well-being.

Talk on spine health and online health talk attended to by colleagues.

Fluid Art Workshop

A great way for participants to de-stress, unleash their creativity and bond with other colleagues in a calm and relaxing setting.

Christmas Party

With both mouth watering festive food and prizes from lucky draw that everyone loves.

Fundraising Movie Night

Chance for our staff to enjoy a joyous evening with family and loved ones while the Company supported charity.

Orders of Festive Food and Purchase of Household Cleaning Products

These are organised by HR on regular basis, not just for colleagues to enjoy the benefits of bulk purchase but also to save time in pursuit of other leisure activities.

Performance Overview: Occupational Health and Safety

Work related injuries

18 cases 2022/23 | 14 cases 2021/22

+28.6% YoY change

Lost days due to work injury

503 days 2022/23 | 1,141 days 2021/22

-55.9% YoY change

Work-related fatalities

None in each of the past three years including financial year 2022/23

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. In the Logistics Centre, workers are required to attend online occupational health and safety courses at least twice a year, while safety audit by an independent third party and safety assessment of our outsource contractors are conducted every year. In the year 2022/23, the health and safety committee met three times to review and consider:

- Covid-related arrangements
- Occupational health and safety measures
- Follow up actions required after the safety audit
- Results of the safety assessment of outsource contractors and follow up actions
- Work safety reports
- Injury cases
- Work process review

2022/23 Initiatives: Workplace Safety

AED

Installed at our logistics centre

Cut Resistant Gloves

Distributed to all logistics staff required to work with cutters

Safety Net

Safety net in our logistics center to prevent falling from height

Socket with Timer

Programmable timer to control on/off time for chargers to save energy as well as to enhance safety

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

There was no non-compliance with anti-discrimination or employment related laws or regulations during the financial year.

We do not force our employees to work overtime. We 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. A newly developed Vendors Code of Conduct was rolled out by the Company's internal audit in May 2023.

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 this financial year. No legal case relating to anti-corruption was brought against the Company or any of our employees during the reporting period.

Please also refer to the section on Ethical Business Practice in the Enterprise Risk Management Report on page 89 of this annual report for further details on how we guard against corruption, fraud and unethical business practices.

OUR CUSTOMERS

Our core business is founded on a mission to enable our customers to discover beauty.

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.

Performance Overview: Product Responsibility

Products subject to recalls for safety and health reasons

0 (2022/23) | 0 (2021/22)

Number of products or service-related complaints received for offline stores

5 (2022/23) | 50 (2021/22)

-90% YoY change

Average score under HKRMA's Mystery Shopper Programme

93.8% (2022/23) | 94.1% (2021/22)

-0.3% YoY change

Number of compliments received for offline stores

30 (2022/23) | 120 (2021/22)

-75% YoY change

Product and Service Excellence

Our persistence for excellence had, once again, earned us a number of awards during the financial year. Please refer to pages 18 to 21 of this annual report for more details.

Quality and Safety

Product quality and safety are 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,

- Although our logistics department no longer applies for ISO 9001:2015 (quality management system) certification, it continues to 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 give aways 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.
- We are recognised under the "Hong Kong Q-Mark Service Scheme", "The Quality Tourism Service Scheme" and have participated in the "No Fakes Pledge" for over 20 years.

As in previous years, there was zero product recall during the year.

Clean beauty

Our search for sustainable clean beauty continued during the year, bringing the total number of clean beauty brands to 28 and the number of active SKUs to 181. Clean beauty corners have been set up in all our stores and labels have been created to assist customers to locate the products. This category of products has been trending up month-on-month.

Some of our clean beauty products:

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. During the financial year, one workshop to refresh the knowledge of our procurement staff was conducted, while a large number of our shop staff completed the online challenge under the Charter. Microbeads related education was also included in one of our newsletters which were distributed to all staff.

Some of our microbead-free brands

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 Descriptions Ordinance regulating goods and services with false trade descriptions, 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 2022/23, we were involved in two non-compliance cases.

In April 2022, seven pieces of foot mask were found in one of our stores to be without bilingual warning or caution as required under the Consumer Goods Safety Regulation. A warning letter was subsequently received in April 2023.

In January 2023, we were prosecuted and fined HK$2,000 for selling a prepackaged food supplied by one of our local suppliers that had not been marked with a "best before" or "use by" date. After the incident, our procurement staff were immediately reminded to refer to the Company's compliance manual on "food" setting out in detail the labelling requirements for prepackaged food in Hong Kong.

There were no other instances of non-compliance with consumer protection legislation during the year.

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 with a price range of HK$1 – HK$5,000, from daily necessities to special occasion needs, mass market to premium brands, there is something for everyone.

Since the outbreak of the Covid-19 pandemic, we have been especially eager to provide quality but affordable products to fight the virus together with everyone in the community.

Supply Chain Management

Number of suppliers by geographical region

Hong Kong SAR	Asia (excluding Hong Kong)	Europe	America	Others
273 (57.0%)	**130** (27.2%)	**61** (12.7%)	**12** (2.5%)	**3** (0.6%)

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 descriptions, intellectual property infringement, 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 few 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, warranties and undertakings, 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.

2022/23 Initiative: Empowering Our Customers

Floral reusable shopping bags made from 100% rPET (recycled post-consumer polyester) launched in November 2022 to empower our customers to consume less single-use plastic shopping bags.

OUR COMMUNITY

Connect to build a stronger, more cohesive community.

Achieve sustainable growth together – our commitments

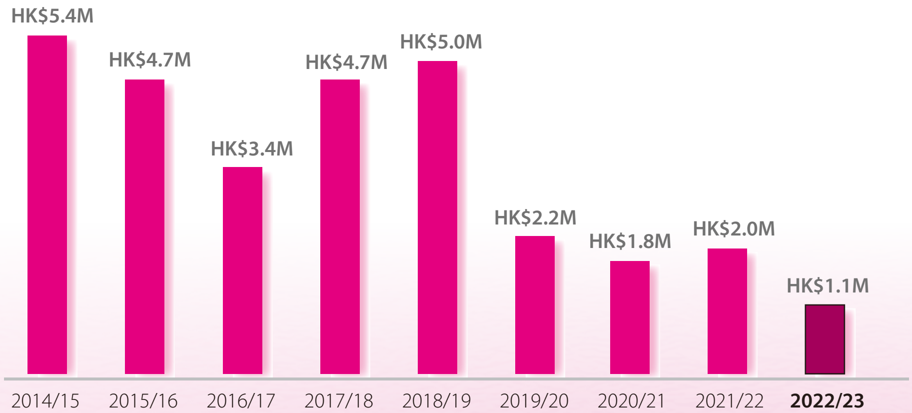
- Invest in the community
- Collaborate to flourish

17 PARTNERSHIPS FOR THE GOALS

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

Performance Overview: Amount Invested



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 given back a total of HK$30.3 million to the community. 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 2023, 9,000 packs of skincare and other supplies were donated to the Kai Tak Community Isolation Facility, helping to make the quarantine experience less agonizing.

In addition, we have also provided sponsorships in kind or in cash to various charitable or community cause.

HK$1.04M	HK$1.60M
2022/23	2021/22

-35%
YoY change

2022/23 Initiatives

Caring Company Award for over 15 years

Recognising our ongoing commitment to fulfilling our corporate social responsibilities.

Celebrate together with the community

Sa Sa's 45th Anniversary

From humble beginnings operating a 40 square feet cosmetic counter to approximately 229,063 square feet of retail space in Hong Kong and Macau today, we celebrate our 45th anniversary this year together with the community. What's better than an ice cream treat on a hot summer's day.

Caring for the community

Old Phones New Eyes

In partnership with The Cosmetic & Perfumery Association of Hong Kong and Hong Kong Federation of the Blind and in support of the annual Global Accessibility Awareness Day, Sa Sa donated 100 iPhones to the visually impaired, bridging digital divide providing them with means to access digital content, products and services, and most importantly greater independence and integration into the community.

Sa Sa Brings a Little Warmth to the Community amid Pandemic

Donating supplies to Kai Tak Community Isolation Facility.

Promoting health and wellness

Pink Run

Aiming to promote risk awareness of hereditary breast, ovarian and prostate cancer as well as raising fund.

Together Run for National Day 2022

Celebrating through sports and emitting positive energy and fostering inclusion and harmony.

Love Teeth Day 2022/2023

Reminder to everyone to take care of their oral health which is crucial to overall health. Sa Sa's employees participated and donated to enhance "Oral Health Services for the Needy" provided by the Community Chest's social welfare member agencies.

Nurturing future leaders

Sa Sa x HKU Industry Talk on Retail

Teaming up with The University of Hong Kong to share retail industry insights and market trends with university students, first step towards preparing the next generation of retail leaders.

HKU-Sa Sa Joint University Case Competition 2023

Nurturing our next generation by providing a platform for students to learn and grow.

CoCoon Foundation's Corporate Challenge 2022/23

Sharing our pain points and previous experiences in conversation with students participating in the 2022/23 Corporate Challenge organized by CoCoon Foundation, whose mission is enabling entrepreneurship. Combining design thinking, innovation and creativity, 66 students from 14 schools offered solutions to corporate challenges in the changing world of business.

Retail Reimagined Challenge 2023

Sponsoring Hong Kong Retail Management Association Retail Reimagined Challenge case competition second year running reaching out to 180+ university students, connecting and inspiring them with the many possibilities and development pathways available in the fast-changing retail industry.

Fund raising

Hong Kong Lions Club 2022 Fundraising Movie Night

Fundraising and bringing 140 families in the community together.

Sharing individuals uniqueness with others in special outfits

The Community Chest's Dress Casual Day

Promoting "We Care We Wear Together for Good" encouraging participants to be gentle and kind, whether they come to work in work outfit or casual wear.

Po Leung Kuk Dress Special Day

With the theme of Amazing Stage this year, aiming to encourage participants to express their own uniqueness and shine out with great brilliancy in special outfits.

Creating collective memories – Walk for Millions

The Community Chest New Territories Walk for Millions 2022

Set foot on the new landmark bridge, which is the first marine viaduct in Hong Kong with a carriageway, cycle track and footpath, and raise funds at the same time.

Hong Kong & Kowloon Walk for Millions 2022/23

Held physically having gone virtual for two years.

Po Leung Kuk Virtual Charity Walk

Through the online platform, participants recorded and uploaded their exercise distance to stay healthy and be part of the engaging community.

2022 Po Leung Kuk Charity Raffle

Raising funds to finance the development of social and educational services of Po Leung Kuk which provides multi-faceted social services to the community.

2022 Po Leung Kuk Flag Day

Proceeds of which are used to support various services of Po Leung Kuk or designated social groups.

ABOUT THIS REPORT

This is our 12th ESG report. This report covers the Group's online and offline operations in Hong Kong and Macau which, together, contributed to more than 80% of the Group's total turnover in the year ended 31 March 2023. 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 if you have any comments.

SUSTAINABILITY DATA – SOCIAL

Description			Unit	2022/23	2021/22	2020/21
Headcount	**Total**		pers	**1,557**	1,752	2,001
	By gender	Male	pers	322 (20.68%)	366 (20.9%)	428
		Female	pers	1,235 (79.32%)	1,386 (79.1%)	1,573
	By age group	Under 36	pers	508 (32.63%)	643 (36.7%)	831
		36-55	pers	926 (59.47%)	978 (55.8%)	1,109
		Over 55	pers	123 (7.90%)	131 (7.5%)	61
	By employee type	Full-time	pers	1,430 (91.84%)	1,621 (92.5%)	1,850
		Part-time/ Temporary	pers	127 (8.16%)	131 (7.5%)	151
Total no. of employees trained			pers	**426**	767	1,422
Total no. of training hours			hr	**58,585**	45,742	27,014
Average hours of training per employee (percentage of employees who received training)	**Total**		hr	**37.6 (27.4%)**	26.1 (43.8%)	13.5 (71.1%)
	By gender	Male	hr	5.3 (31.7%)	7.4 (44.8%)	10.1 (51.2%)
		Female	hr	46.0 (26.2%)	31.1 (43.5%)	14.7 (69.8%)
	By Employee category	Management	hr	10.1 (79.2%)	3.6 (53.8%)	5.1 (50%)
		Managers	hr	33.1 (43.1%)	2.0 (35.4%)	2.1 (50.3%)
		All other employees	hr	39.0 (23.4%)	31.1 (45.2%)	23.7 (74.4%)
	By Function	Stores	hr	43.2 (9.2%)	24.6 (26.0%)	N/A
		Office	hr	8.7 (57.9%)	2.5 (55.4%)	N/A
		Logistics Centre	hr	50.0 (76.6%)	67.6 (124.8%)	N/A
Fatality			cases	**0**	0	0
Work-related injuries			cases	**18**	14	19
Lost day due to work injury			days	**503**	1,141	903
Average days of sick leave taken by employee per month			days	**0.43**	0.22	0.29

	2022/23		2021/22		2020/21	
	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[1]	**39.6%**	**29.6%**	37.5%	28.0%	20.2%	19.8%
By gender						
Male	46.9%	34.0%	34.7%	25.8%	22.1%	21.0%
Female	37.6%	28.4%	38.2%	28.5%	19.6%	18.4%
By age group						
Under 36	59.1%	42.6%	59.5%	37.7%	20.0%	17.8%
36-55	26.9%	19.9%	23.4%	19.2%	15.2%	14.8%
Over 55	50.8%	48.8%	32.2%	31.2%	15.1%	15.1%

Note to the Sustainability Data:

1. Full-time employees only.

SUSTAINABILITY DATA – ENVIRONMENTAL

Description			Unit	2022/23	2021/22	2020/21	Baseline	Base Year
GHG Emissions[1]	**Total (GHG emissions)**		tCO_2e	**6,128**	7,302	10,022	19,498	2014/15
	Total (Scope 1 and Scope 2)		tCO_2e	**6,023**	7,182	9,892	19,200	2014/15
	Scope 1	Company-owned trucks and private cars[2]	tCO_2e	92	142	122	137	2014/15
	Scope 2	Purchased electricity used in our offices, logistics centre and stores[3]	tCO_2e	5,931	7,040	9,770	19,063	2014/15
	Scope 3	**Total (Scope 3)**	tCO_2e	**105**	120	41	298	2014/15
		Business air travel	tCO_2e	2	0	0	143	2014/15
		Electricity used for fresh water processing and sewage treatment	tCO_2e	2	4	3	18	2014/15
		Trucks owned by external logistics services providers	tCO_2e	70	84	38	242	2016/17
		Waste disposal at landfills[4]	tCO_2e	31	32	NA	32	2021/22
Carbon Intensity			kg CO_2e/sqm GFA	**130**	143	191	363	2014/15
			kg CO_2e/HKD1m revenue	**2,060**	2,511	5,012	2,663	2014/15
			kg CO_2e/headcount	**3,936**	4,167	NA	4,167	2021/22
Energy consumption	**Total (Energy consumption)**		MWh	**12,373**	13,896	16,419	26,392	2014/15
	Electricity	**Total (Electricity Consumption)**	MWh	**12,018**	13,358	16,419	26,392	2014/15
	Consumption (indirect)	Stores	MWh	8,130	10,016	12,576	23,105	2014/15
		Offices	MWh	1,201	1,306	1,304	1,407	2014/15
		Logistics centre	MWh	2,687	2,036	2,539	1,880	2014/15
	Non-renewable fuel consumption (petrol and diesel)		MWh	**355**	538	NA	538	2021/22
Electricity intensity			kWh/sqm GFA	**255**	262	313	491	2014/15
			kWh/HKD1m revenue	**4,040**	4,593	4,885	2,604	2014/15
Water consumption[5]			cu.m	**3,819**	5,824	11,251	30,691	2014/15
Water intensity[6]			cu.m/headcount	**2.45**	3.30	NA	3.30	2021/22
Vehicle Fuel Consumption	**Total (Vehicle fuel consumption)**		L	**61,156**	85,288	59,926	140,458	2016/17
	Company-owned trucks and private cars		L	34,581	53,558	44,556	50,119	2014/15
	Trucks owned by external logistics service providers		L	26,575	31,730	14,400	81,800	2016/17
Vehicle fuel efficiency			L/sqm GFA	**1.3**	1.7	0.9	0.9	2014/15
			L/HKD1m revenue	**21**	29	19	19	2014/15
Vehicle emissions	Sox		g	**964**	1,325	696	2,115	2016/17
	Nox (for trucks only)		g	**798,485**	NA	NA	798,485	2022/23
	PM* (for trucks only)		g	**74,072**	NA	NA	74,072	2022/23

* New disclosure in 2022/23

Notes to the Sustainability Data:

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 99.
2. Comprised of emissions from the delivery trucks and private cars 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 since 2021/22. Refrigerant and FM200 also 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. Based on emissions factor derived from the latest available data on GHG emissions in the waste sector and total disposed waste at landfills in Hong Kong in 2019 published by HKSAR Government.
5. 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.
6. 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.

Description		Unit	2022/23	2021/22	2020/21	Baseline	Base Year
Paper consumption	**Total**[1]	'000 pcs (kg)	**3,499 (17,495)**	4,218 (21,088)	4,000 (19,958)	9,316 (47,056)	2014/15
	Stores	'000 pcs (kg)	2,152 (10,760)	1,933 (9,663)	NA	NA	NA
	Offices	'000 pcs (kg)	413 (2,066)	644 (3,218)	NA	NA	NA
	Logistic centre	'000 pcs (kg)	934 (4,669)	1,642 (8,208)	NA	NA	NA
Paper use intensity		pcs/headcount	**2,247**	2,407	1,999	2,872	2014/15
		pcs/HKD1m revenue[2]	**1,176**	1,450	10	19	2014/15
Business air travel		'000 km travelled	**31.83**	0	0	929	2014/15
Business air travel intensity		'000 km travelled/ headcount	**0.02**	0	0	286	2014/15
		'000 km travelled/ HKD1m revenue[3]	**0.01**	0	0	20	2014/15
Packaging:							
Carton box consumption[4]	**Total**	'000 pcs (kg)	**933 (329,578)**	1,161 (406,493)	874	305	2015/16
	Offline	'000 pcs (kg)	188 (151,531)	233 (199,450)	NA	NA	NA
	Online	'000 pcs (kg)	745 (178,047)	928 (207,043)	NA	NA	NA
Bubble wrap consumption		kg	**12,875**	19,907	NA	19,907	2021/22
Airpillow consumption		kg	**8,265**	10,836	NA	10,836	2021/22
Stretch film consumption		kg	**20,560**	18,663	NA	18,663	2021/22
Plastic pallet consumption		kg	**0**	1,000	NA	1,000	2021/22
Wooden pallet consumption		kg	**0**	18,000	NA	18,000	2021/22
Shopping bag consumption		'000 pcs	**1,196**	1,184	1,045	3,010	2014/15
Shopping bag consumption intensity		pcs/transaction	**0.14**	0.14	0.15	0.18	2017/18
Resources recycled[5]:							
Paper	Offices	kg	**19,349**	18,635	14,366	18,602	2014/15
	Logistics Centre	kg	**2,040**	1,800	95,600	232,600	2018/19
Plastic	Total	kg	**3,400**	5,790	4,400	20,996	2018/19
	– Plastic pallet	kg	0	90	NA	NA	NA
	– Stretch film	kg	3,400	5,700	NA	NA	NA
Carton box		kg	**90,020**	89,700	NA	89,700	2021/22
Wooden pallet		kg	**0**	0	NA	0	2021/22
Resources reused:							
Carton box		kg	**98,100**	55,200	NA	55,200	2021/22
Non-Hazardous waste	Solid	tonnes	**27.7**	27.4	13.9	19.2	2019/20
	Liquid	tonnes	**15**	16.1	21.1	15.7	2019/20
Hazardous waste[6]	Chemical	tonnes	**0**	0	3.5	3.9	2015/16
Waste Intensity		kg/HKD1m revenue	**14.3**	15	NA	15	2021/22

Notes to the Sustainability Data:
1. Total may not add up due to rounding.
2. The denominator changed from kg CO2e to pcs since 2021/22.
3. The denominator changed from kg CO2e 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 since 2021/22.
6. 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.98, p.109
KPI A1.1	The types of emissions and respective emissions data.	p.99, p.129
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.99, p.129
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	p.106, p.130
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	p.106, p.130
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	p.102
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.	pp.106-108
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	p.98
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.99, p.129
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	p.105, p.129
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	p.102
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.105
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	pp.103-105, p.130
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	p.98
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	pp.98-109, p.119
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.98
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.98, pp100-102
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.110, p.116
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	pp.110-111, p.128
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	p.128
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.110, p.116
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	p.114, p.128
KPI B2.2	Lost days due to work injury.	p.114, p.128
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	pp.113-115

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.110, pp.112-113
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	p.128
KPI B3.2	The average training hours completed per employee by gender and employee category.	p.111, p.128
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.110, p.116
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	p.110, p.116
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	p.110, p.116
Operating Practices		
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General Disclosure	Policies on managing environmental and social risks of the supply chain.	p.117, p.120
KPI B5.1	Number of suppliers by geographical region.	p.120
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.120
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.120
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.120
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.117, pp.119-120
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	p.117
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	pp.117-118
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	p.120
KPI B6.4	Description of quality assurance process and recall procedures.	p.118
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	p.117, p.119
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.116
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.116
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	p.116
KPI B7.3	Description of anti-corruption training provided to directors and staff.	p.116
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.121
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	pp.121-127
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	p.121

HKQAA – VERIFICATION STATEMENT

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香 港 品 質 保 證 局

VERIFICATION STATEMENT

Scope and Objective of Verification

Hong Kong Quality Assurance Agency (“HKQAA”) has been engaged by Sa Sa International Holdings Limited (“Sa Sa”) to undertake an independent verification of “Sustainability Data Statement – Environmental” (“SD Statement”) for Sa Sa International Holdings Limited (Stock Code: 178). The scope of HKQAA’s verification covers the data and information of Greenhouse Gas (GHG) emission (scope 1 and 2), energy consumption and vehicle fuel consumption for Sa Sa in the period of 1st April 2022 to 31st March 2023 for its major operations in Hong Kong and Macau (i.e., offices, logistics centre and retail shops), as disclosed in the “SD Statement”.

The aim of this verification is to provide a reasonable assurance on the reliability of the content in the “SD Statement”, which has been prepared in accordance with World Resources Institute’s The Greenhouse Gas Protocol (GHG Protocol) – A Corporate Accounting and Reporting Standard (revised edition).

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process covered the criteria set in the GHG Protocol.

The verification process included verifying information relevant to the management system and process for collecting, collating and reporting environmental performance data in terms of GHG emission, energy consumption and vehicle fuel consumption. Raw data and supporting evidence of the selected representative samples were also thoroughly examined during the verification process.

Independence

Sa Sa is responsible for the collection and presentation of the information in the “SD Statement”. HKQAA does not involve in compiling or in the development of the “SD Statement”. Our verification activities are independent from Sa Sa. There was no relationship between HKQAA and Sa Sa that would affect the independence of HKQAA for providing the verification service.

Conclusion

Based on the verification results, HKQAA has obtained reasonable assurance and is in the opinion that:

- The “SD Statement” has been prepared in accordance with the GHG Protocol;
- The data and information disclosed in the “SD Statement” are reliable.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the “SD Statement” has not been prepared and presented fairly and honestly, in material aspects, in accordance with the verification criteria.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Strategic Business
June 2023

INVESTOR RELATIONS REPORT

Enhance transparency and provide shareholders with a fair account of the group's affairs to enable them to make informed decisions

"A Brand is successful not by its own words, but by the words and actions of its customers, and the same is true for corporate and investor relations."

We believe an effective communication strategy is essential to enhance transparency and provide individuals and institutions (collectively named as "Shareholders") with a fair account of the Group's affairs and enable them to make informed decisions. In so doing the Group seeks to gain the Shareholders recognition and understanding of our approach, and appreciation for the transparency with which the Group acts, maintaining our reputation in the market.

The Group strives to maintain a timely, transparent, and accurate information delivery and communication process on a non-exclusionary basis. We endeavour 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. Immersing in two-way communication between the Group and the Shareholders, the Group can explore new thoughts and ideas to continuously improve our process and deliverables.

The Group welcomes and adapts to the changing environment and needs. To facilitate communication with the Shareholders, the Group adopts digital investor relations practices to improve communication efficiency, user experience and lessen its environmental impact.

In addition, the Group is committed to continuous improvement of its Environmental, Social and Governance ("ESG") strategy and execution on a systematic basis and has enriched its ESG disclosure through various communication channels. This year, the Group engaged an independent third party to provide reasonable assurance to certain ESG disclosures and their report can be found on page 90.

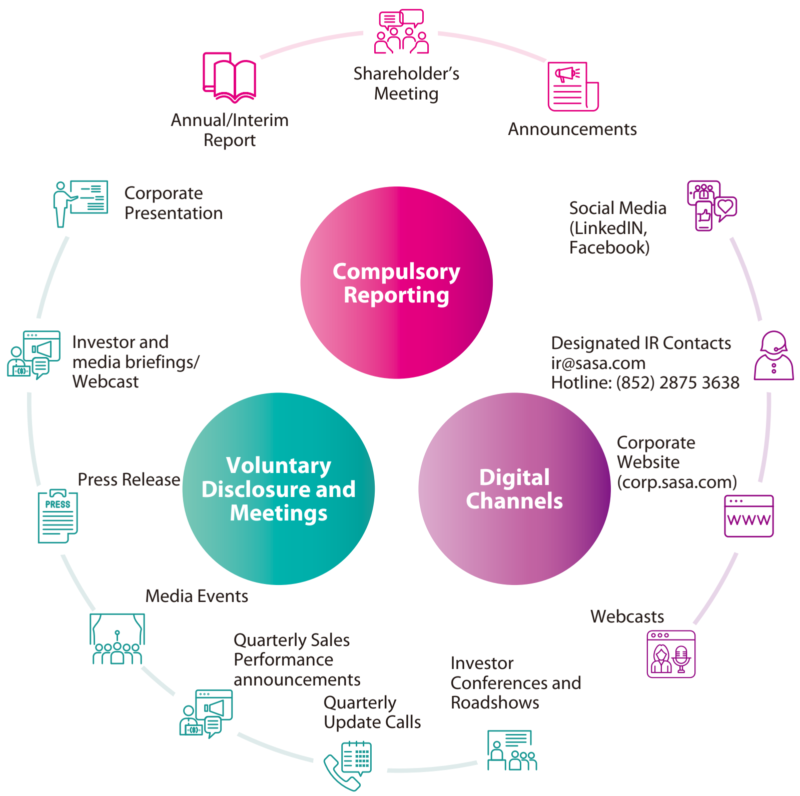
The Board reviewed Shareholder Communications policy annually and is satisfied with the effectiveness to ensure prompt dissemination of corporate communications to enable Shareholders and other stakeholders to keep abreast of the Group's business and development.

Mr. Danny HO
Executive Director and Chief Financial Officer

1. 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" ("The 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.

2. Communication Platforms



Multiple Channels of Communication

3. Digital IR

Following Covid-19, "physical" investor relations communication was made challenging and migrated online. The Group accelerated the development of digital investor relations and continued communicating with investors accordingly. Virtual meetings and live webcasts replaced traditional face-to-face interactions with both local and overseas investors, and this has proved successful in maintaining investor engagement, particularly extending beyond 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 effectively enhance communication between the Group and investors, while enabling the Group to plan more efficient strategies for effective communication.

Investor Relations Activities

The Group understands the importance of transparency in our investor communications programme, especially under the shadow of the Covid-19 pandemic for the most part of the financial year. Our corresponding strategies sought to be provide transparency on latest developments and their impact on the Group's performance and this was a key focus in our core communications materials, including financial reports, announcements, press releases and social media posts. We ensured the ongoing impact of Covid-19 on the Group's operations and financials is effectively communicated in a timely and transparent manner at each and every investor meeting or event, including how the Group was reacting to a re-opening of the boundary between Hong Kong and Macau SARs with Mainland China.

Roadshow and Conference

Q1 — Apr - Jun

Post Results investor presentation
Organiser: Guosen Securities (Online)

Post Results investor presentation
Organiser: Jefferies (Online)

Post Results investor presentation
Organiser: Guoyuan Securities (Online)

Q2 — Jul - Sep

Post Results investor presentation
Organiser: Point72 Asset Management (Online)

Post Results investor presentation
Organiser: Shorea Fund (Online)

Post Results investor presentation
Organiser: Franklin Templeton (Online)

Post Results investor presentation
Organiser: CITIC Securities Group Calls (Online)

Post Results investor presentation
Organiser: Banyan Strategic Fund (Online)

Q1 Sales Update
Organiser: CIMB Group Calls (Online)

Q1 Sales Update
Organiser: DBS (SG) Group Calls (Online)

Jefferies Asia Forum
Organiser: Jefferies (Online)

Q1 Sales Update
Organiser: ROC Investment Management (Online)

Q3 — Oct - Dec

Q2 Sales Update
Organiser: Group call (Online)

Post Results investor presentation
Organiser: DBS (Online)

Post Results investor presentation
Organiser: Half Sky Capital (Online)

Q4 — Jan - Mar

Investor presentation
Organiser: ROC Investment Management (Online)

Investor presentation
Organiser: DBS (Online)

Investor presentation
Organiser: Jefferies (Online)

Investor presentation
Organiser: HSBC (Online)

Investor presentation
Organiser: Shorea Fund (Online)

Investor presentation
Organiser: Mizhuo (Online)

Investor presentation
Organiser: Morgan Stanley (Online)

Investor presentation
Organiser: Guoyuan (Online)

Investor presentation
Organiser: Daiwa (Online)

HK China Consumption Corporate Day (Morgan Stanley)
Organiser: Morgan Stanley Offline Conference

FY2022/23

Information for Shareholders

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 Training Room 1, 8/F, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on 31 August 2022. Particulars of the major items considered at the AGM are set out in the circular dated 25 July 2022. All proposed ordinary resolutions were passed by way of poll voting at the AGM. The 2023 AGM will be held at Training Room 1, 8/F, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on 24 August 2023 (Thursday) at 12:30 p.m..

Shareholders' Rights

Shareholders can make a request to convene a general meeting on the written requisition of any one or more Shareholders, provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting on a one vote per share basis at general meetings of the Company. Please refer to the procedures as set out in "How shareholders can convene an extraordinary general meeting (EGM)" 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 any Shareholders' meeting should convene an EGM by following the procedures mentioned in the first paragraph of this section.

Financial Calendar

FY2022/23 interim results announcement	17 November 2022
FY2022/23 annual results announcement	15 June 2023
For determining shareholders' eligibility to attend and vote at AGM Closure of register of members	21–24 August 2023 (both days inclusive)
Record Date for eligibility to attend and vote at AGM	24 August 2023
Annual General Meeting	24 August 2023
FY2023/24 interim results announcement	Mid to late November 2023

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
Reuter	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 2023	3,103,189,458
Public float as at 31 March 2023	Approximately 35.8%

Share Performance

Share Performance	FY2022/23	FY2021/22
Closing price as at 31 March (HK$ per share)	1.84	1.39
Highest price (HK$ per share)	2.15	2.29
Lowest price (HK$ per share)	0.84	1.2
Average daily trading volume (million shares)	6.3	7.2
Average daily trading amount (HK$ million)	10.1	13.6

Market Capitalisation

As at 31 March	Market Capitalisation HK$ Billion
2023	5.7
2022	4.3
2021	5.5
2020	3.6
2019	8.3

Dividend History

The Group will strive to maintain a consistently high dividend payout policy whenever profitable, taking into consideration the Group's high return on equity, development plans and cash flow. The decision of the Board also takes into account any special circumstances.

Dividend Per Share (HK cents)

Financial Year	Basic		Special				
	Interim	Final	Interim	Final	Total	Dividend Yield (%)	Dividend Payout Ratio
2022/23	–	–	–	–	–	–	–
2021/22	–	–	–	–	–	–	–
2020/21	–	–	–	–	–	–	–
2019/20	–	–	–	–	–	–	–
2018/19	7.00	9.00	–	–	16.00*	6.0%	105.2%

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.

DIRECTORS' REPORT

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 2023.

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 29 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 32 to 44). Description of the principal risks and uncertainties facing the Group can be found in the ERM report (pages 85 to 89). 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 10 to 15) and the MD&A section (pages 45 to 48). Certain financial key performance indicators which complement and supplement our financial disclosures are set out on pages 22 to 25. An account of the Company's relationships with its stakeholders 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 Directors' Report.

Results and Appropriations

The results for the year are set out in the consolidated income statement on page 161.

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2022 (2022: Nil). The Board has not recommended the payment of any final dividend for the year ended 31 March 2023 (2022: Nil).

Dividend Policy

The Company has a policy on the payment of dividends, which is set out in the Corporate Governance report on pages 83 to 84.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last 10 financial years is set out on pages 22 to 25 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 25 and 30 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 12 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 24 to the consolidated financial statements.

Equity-linked Agreements

Save for the Share Option Schemes as set out on pages 140 to 148 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 option was available for grant as at 1 April 2022 and 31 March 2023 respectively and no further options were granted under it during the year 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 15 June 2023, 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:

				Number of Share Options				
Name	Date of grant	Subscription price per Share (HK$)	Exercise period	Outstanding as at 1 April 2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2023
Directors								
Ms KWOK Sze Wai Melody	29 Jun 2012	4.85	29 Jun 2015 to 28 Jun 2022	70,000	–	–	(70,000)	–
Ms KWOK Sea Nga Kitty	29 Jun 2012	4.85	29 Jun 2015 to 28 Jun 2022	120,000	–	–	(120,000)	–
Employees	29 Jun 2012[(1)]	4.85	29 Jun 2015 to 28 Jun 2022	1,932,000	–	–	(1,932,000)	–
			29 Jun 2015 to 28 Jun 2022[(2)]	40,000	–	–	(40,000)	–
			29 Jun 2015 to 28 Jun 2022[(3)]	50,000	–	–	(50,000)	–
			29 Jun 2015 to 28 Jun 2022[(4)]	200,000	–	–	(200,000)	–
				2,412,000	–	–	(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.

Notes:

(1) 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.

(2) The grantee, Ms KWOK Lai Kwan Anna, is an associate of the chief executive and directors of the Company, and retired on 28 February 2023.

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

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

Share Options (continued)

Share Option Schemes (continued)

- **2012 Share Option Scheme**

  The 2012 Share Option Scheme was adopted on 23 August 2012 and became unconditional and effective on 27 August 2012. The number of options available for grant under 2012 Share Option Scheme as at 1 April 2022 was 278,560,006. The 2012 Share Option Scheme expired on 23 August 2022. Upon expiration of the 2012 Share Option Scheme, no option was available for grant as at 31 March 2023 and no options were granted under it during the year but its provisions continued to govern options granted under this scheme up to and including 23 August 2022. 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.

  (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 15 June 2023, no further options could be granted under the 2012 Share Option Scheme and the total number of shares which may be issued upon exercise of all options granted under the scheme was 3,185,000 Shares, which represented 0.1% of the total issued share capital of the Company at that date.

Share Options (continued)

Share Option Schemes (continued)

- **2012 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 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.

(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 expired on 26 August 2022.

Share Options (continued)

Share Option Schemes (continued)

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

  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 2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2023
Directors								
Ms KWOK Sze Wai Melody	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023	50,000	–	–	–	50,000
Ms KWOK Sea Nga Kitty	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023	100,000	–	–	–	100,000
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)	2,925,000	–	–	(356,000)	2,569,000
			21 Jun 2016 to 20 Jun 2023(2)	50,000	–	–	(50,000)	–
			21 Jun 2016 to 20 Jun 2023(3)	50,000	–	–	–	50,000
			21 Jun 2016 to 20 Jun 2023(4)	20,000	–	–	–	20,000
			21 Jun 2016 to 20 Jun 2023(5)	120,000	–	–	–	120,000
				3,615,000	–	–	(406,000)	3,209,000

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.

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, and retired on 28 February 2023.

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

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

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

Share Options (continued)

Share Option Schemes (continued)

- **2022 Share Option Scheme**

  Following the expiration of the 2012 Share Option Scheme, the Company adopted a new share option scheme (the "2022 Share Option Scheme") on 31 August 2022. The number of options available for grant under the 2022 Share Option Scheme as at 31 August 2022 and 31 March 2023 was both 310,318,945. No share options have been granted under the 2022 Share Option Scheme. A summary of the 2022 Share Option Scheme is set out below:

  (a) Purpose

  To reward and incentivise the Participants (as defined below) for their contribution or potential contribution to the Group and to align their interests with those of the Company and the Shareholders, and/or to recruit and retain high calibre Participants and attract human resources that are valuable to the Group.

  (b) Participants

  The Board shall, in accordance with and subject to the provisions of the 2022 Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within the period of ten years commencing on 31 August 2022, the date on which the 2022 Share Option Scheme was adopted ("Adoption Date"), to make an offer to any person belonging to the following classes of participants to subscribe, subject to such conditions as the Board may think fit, and no person other than the Participant named in such offer may subscribe, for such number of shares at such subscription price as the Board shall determine:

  (a) any employee (whether employed on a full-time or part-time basis, including any executive director but excluding any non-executive director) of the Company or its subsidiaries (including persons who are granted options as an inducement to enter into employment contracts with the Group) ("Eligible Employee");

  (b) any non-executive director (including independent non-executive director) of the Company or its subsidiaries;

  (c) any director and employee of any holding company, fellow subsidiary or associated company of the Company;

  (d) any shareholder of any member of the Group; and

  (e) any person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group as determined by the Remuneration Committee, including advisers, consultants, distributors, contractors, suppliers, agents, business partners, joint venture partners, promoters and service providers of any member of the Group, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, or consultants providing professional services to the Group ("Service Provider").

  and, for the purposes of the 2022 Share Option Scheme, the offer may be made to a trust or similar arrangement for the benefit of a specified Participant subject to the fulfilment of requirements of the Listing Rules (including waiver from the Stock Exchange, where applicable).

Share Options (continued)

Share Option Schemes (continued)

- **2022 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 2022 Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) and share award scheme(s) that involve(s) the issuance of new Shares of the Company) exceed 10% of the total number of Shares in issue on the Adoption Date (the "Scheme Mandate Limit"), and in respect of Options that may be granted to Service Providers, a sublimit of 1% of the total number of Shares in issue on the Adoption Date (the "Service Provider Sublimit"). The number of Options available for grant under the Service Provider Sublimit as at 31 August 2022 and 31 March 2023 was both 31,031,894 shares. Option lapsed in accordance with the terms of the 2022 Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

(ii) Where applicable under the Listing Rules, the Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit (and the Service Provider Sublimit) after three years from the date of Shareholders' approval for the last refreshment (or the adoption of the 2022 Share Option Scheme), provided that:

(a) the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the 2022 Share Option Scheme and any other share option schemes and all awards to be granted under any share award schemes that involve the issuance of new Shares of the Group under the scheme mandate as refreshed shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the refreshed scheme mandate;

(b) the Company has first sent a circular to the Shareholders containing the number of options that were already granted under the existing Scheme Mandate Limit and the Service Provider Sublimit, and the reason for such refreshment; and

(c) any additional refreshment within any three-year period must be approved by independent Shareholders in accordance with the relevant requirement of the Listing Rules.

(iii) Where applicable under the Listing Rules, the maximum number of Shares in respect of which options may be granted to grantees under the 2022 Share Option Scheme and other share option schemes of the Company shall not exceed 30% of the total number of the Shares in issue from time to time or such limit in accordance with the Listing Rules.

(iv) As at 15 June 2023, the total number of shares available for issue under the 2022 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 both 310,318,945 Shares, which represented 10% 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 to a specifically identified single Participant under the 2022 Share Option Scheme in any 12-month period up to and including the date of such grant shall not (when aggregated with any Shares subject to any other share option scheme(s) and share award scheme(s) that involve(s) the issuance of new Shares of the Company excluding any Options lapsed in accordance with the terms of the New Share Option Scheme) exceed 1% of the Shares in issue (the "Individual Limit").

Where applicable under the Listing Rules, the Company may grant options beyond the 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 in the aforesaid 12-month period) the purpose of granting the options to the Participant and an explanation as to how the terms of the options serve such purpose; (ii) the number and terms of the options to be granted to the Participant has been fixed before Shareholders' approval; and (iii) separate Shareholders' approval has been obtained in general meeting with the proposed Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting.

Share Options (continued)

Share Option Schemes (continued)

- **2022 Share Option Scheme (continued)**

  (e) Period within which the option may be exercised by the grantee

  The period to be notified by the Board to each grantee as being the period during which an option may be exercised as the Board determines at its discretion, save that such period shall not be more than ten years from the date of grant of the relevant option.

  (f) Vesting period of options granted

  The minimum period for which an option must be held before it can be exercised, which shall not be less than 12 months (save where applicable under the Listing Rules when the Remuneration Committee has approved the Offer of Options to a specifically identified Participant who is an Eligible Employee or a non-executive director (including independent non-executive director) of the Company or its subsidiaries with a shorter vesting period, and has clearly explained the reason for so doing in the grant announcement published by the Company as required under the Listing Rules).

  (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 in 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; or

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

  (i) Remaining life of the 2022 Share Option Scheme

  The period of ten years commencing on 31 August 2022.

Share Award Scheme

The share award scheme was adopted by the Board on 11 April 2014 (the "Share Award Scheme"). 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 2023, a total of 6,982,000 awarded Shares had been granted pursuant to the Share Award Scheme, out of which 200,000 awarded Shares remained unvested. During the year, a total of 165,000 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.

Share Award Scheme (continued)

(b) Participants

The Board may, from time to time, at its absolute discretion select any individual being an employee (including without limitation any executive director) of any member of the Group (other than any employee who is resident in a place where the award of the awarded shares and/or the vesting and transfer of the awarded shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee) for participation in the Scheme as a Selected Employee, and grant such number of awarded shares to any employee(s) selected by the Board pursuant to the scheme rules for participation in the Share Award Scheme at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

(c) 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.

(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) Vesting period of awarded shares granted

A selected employee shall be entitled to receive the awarded Shares vested in him/her 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.

(f) Consideration on acceptance of the awarded shares

No consideration.

(g) Basis of determining the purchase price of shares awarded

No such provision in the scheme.

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.

(h) Remaining life of the Share Award Scheme

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)

(i) Voting rights

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

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$)	Closing price of the Shares immediately before the date on which the awarded shares were granted (HK$)	Vesting period*	Weighted average closing price of the Shares immediately before the dates on which the awarded Shares were vested (HK$)	Outstanding as at 1 April 2022	Awarded during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 March 2023
Director										
HO Danny Wing Fi	20 Dec 2022	1.89	1.83	20 Dec 2022 to 18 Apr 2023	–	–	200,000	–	–	200,000
Employees	21 Jun 2019	2.25	–	21 Jun 2019 to 30 Jun 2022	1.44	125,000	–	(125,000)	–	–
	9 Oct 2020	1.31	–	9 Oct 2020 to 30 Sep 2023	1.05	130,000	–	(15,000)	(115,000)	–
	16 Dec 2021	1.68	–	16 Dec 2021 to 17 Nov 2023	1.32	75,000	–	(25,000)	(50,000)	–
	9 Mar 2022	1.30	–	9 Mar 2022 to 21 Feb 2023	1.86	15,000	–	(15,000)	–	–
						345,000	200,000	(180,000)	(165,000)	200,000

The fair value of awarded Shares was determined with reference to market price of the Shares at the grant date.

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

There are no awarded shares cancelled during the year.

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 2023 are set out in note 29 to the consolidated financial statements.

Capitalised Interest

No interest was capitalised by the Group during the year (2022: Nil).

Distributable Reserves

As at 31 March 2023, the reserves of the Company available for distribution amounted to HK$1,846,254,000 (2022: HK$1,845,151,000).

Donations

The Group made donations during the year totalling HK$1,092,000 (2022: HK$1,987,000).

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: 31 August 2022

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 Director: 31 August 2022

Ms KWOK Sze Wai Melody, *MH*

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

Mr HO Danny Wing Fi (CFO)

- date of appointment as a Director: 30 June 2022*
- date of last re-election in AGM as Director: 31 August 2022

Ms KWOK Sea Nga Kitty

- date of appointment as a Director: 31 August 2022*
- will stand for re-election at the next AGM

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 Director: 31 August 2022
- term of directorship: three years commencing on 22 August 2022*

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 Director: 15 September 2021
- term of directorship: three years commencing on 26 August 2022*

Mr CHAN Hiu Fung Nicholas, *MH, JP*

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

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

Directors (continued)

Retired Director

Dr LOOK Guy (CFO)

- date of appointment as a Director: 10 September 2002
- date of retirement: 31 August 2022

Ms KWOK Sea Nga Kitty was appointed as an executive director of the Company with effect from the conclusion of the AGM held on 31 August 2022. In accordance with Article 99 of the articles of association of the Company, she may hold office only until the first AGM after her appointment. She is eligible and will stand for re-election by the shareholders at the forthcoming AGM to be held on 24 August 2023. Pursuant to Article 116 of the articles of association of the Company, Ms KWOK Sze Wai Melody, Mr CHAN Hiu Fung Nicholas and Mr TAN Wee Seng will retire by rotation at the forthcoming AGM and, all being eligible, each of them will offer herself/himself for re-election.

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 himself/herself 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 is set out on pages 51 to 58 of this Annual Report.

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

As at 31 March 2023, 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%
Ms KWOK Sze Wai Melody	110,000	6,000	–	50,000[(3)]	166,000	0.0053%
Mr HO Danny Wing Fi	–	–	–	200,000[(4)]	200,000	0.0064%
Ms KWOK Sea Nga Kitty	110,000	–		100,000[(3)]	210,000	0.0068%
Ms LEE Yun Chun Marie-Christine	–	–	–	100,000[(5)]	100,000	0.0032%
Ms KI Man Fung Leonie	–	–	–	100,000[(5)]	100,000	0.0032%
Mr TAN Wee Seng	–	–	–	100,000[(5)]	100,000	0.0032%

Notes:

(1) Based on 3,103,189,458 Shares in issue as at 31 March 2023.

(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 the derivatives interests in the shares of the Company of Ms KWOK Sze Wai Melody and Ms KWOK Sea Nga Kitty and their movement during the year ended 31 March 2023 are disclosed in the share options section on pages 142 & 145 of this report.

(4) Details of Mr HO Danny Wing Fi's derivatives interests in the shares of the Company and their movement during the year ended 31 March 2023 are disclosed in the awarded shares section on page 150 of this report.

(5) Details of the derivatives interests in the shares of the Company of the non-executive directors (including INEDs) and their movement during the year ended 31 March 2023 are disclosed in the share options section on page 145 of this report.

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

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 2023 are set out below:

	Dr KWOK Siu Ming Simon: Number of Deferred Shares in associated corporations					
Name of associated corporation	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Percentage of shareholding to all the Deferred Shares of associated 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 corporations					
Name of associated corporation	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Percentage of shareholding to all the Deferred Shares of associated 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%

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 142 and 145, 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 2023, 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 2023.

(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 2023, 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 Transactions

The transactions with related parties disclosed in note 28 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, 15 June 2023

INDEPENDENT AUDITOR'S REPORT

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 161 to 214, comprise:

- the consolidated statement of financial position as at 31 March 2023;
- 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 2023, 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 judgement, 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 12 and 13 to the consolidated financial statements The Group had approximately HK$195.0 million and HK$519.7 million of property, plant and equipment and right-of-use assets as at 31 March 2023 respectively, of which approximately HK$48.9 million and HK$375.3 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, such as stores making losses. Management carried out an impairment assessment for the retail stores which have an impairment indicator. 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. As a result of the impairment assessment performed by management, no impairment has been recognised in the consolidated income statement for the year. 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 and evaluated management's process of identifying retail stores with impairment indicators; – understood the management's internal control in respect of the assessment of the recoverable amount of retail store assets and assessed the significant judgement made and the degree of estimation uncertainty involved; – 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 applied, such as revenue growth rate, percentage change of running costs and gross profit margin, etc. by comparing them to historical information and our understanding of latest market information and conditions; – recomputed the recoverable amounts of cash generating units and compared with their respective carrying amounts; 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. Based on our work performed, we found the result of the impairment assessment 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 16 to the consolidated financial statements The Group had net inventories of approximately HK$669.5 million as at 31 March 2023, which represented approximately 30.2% 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 competitors' actions. 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, 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 years. We also compared the shrinkage provision with the actual inventory loss for the past years; – 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.

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 Cheng Woon Yin, Michael.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 June 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	**2023 HK$'000**	2022 HK$'000
Turnover	2	**3,500,525**	3,412,727
Cost of sales	5	**(2,099,165)**	(2,152,181)
Gross profit		**1,401,360**	1,260,546
Other income	2	**56,166**	52,235
Selling and distribution costs	5	**(1,223,114)**	(1,323,946)
Administrative expenses	5	**(244,833)**	(249,191)
Impairment of right-of-use assets and property, plant and equipment	12 & 13	**–**	(86,978)
Other gains – net	4	**11,907**	19,238
Operating profit/(loss)		**1,486**	(328,096)
Finance income	8	**3,253**	3,049
Finance costs	8	**(19,100)**	(11,778)
Loss before income tax		**(14,361)**	(336,825)
Income tax credit/(expense)	9	**72,608**	(6,907)
Profit/(loss) for the year attributable to owners of the Company		**58,247**	(343,732)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company for the year (expressed in HK cents per share)			
Basic	10	**1.9**	(11.1)
Diluted	10	**1.9**	(11.1)

The notes and disclosures on pages 166 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Profit/(loss) for the year		**58,247**	(343,732)
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on retirement benefit obligations	23(b)	**8,490**	(7,510)
Items that may be reclassified to profit or loss			
Currency translation differences of foreign subsidiaries recorded in translation reserve		**(9,063)**	3,303
Other comprehensive loss for the year, net of tax		**(573)**	(4,207)
Total comprehensive income/(loss) for the year attributable to owners of the Company		**57,674**	(347,939)

The notes and disclosures on pages 166 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**194,962**	202,138
Right-of-use assets	13	**519,679**	344,752
Rental deposits and other assets	14	**70,327**	86,380
Deferred tax assets	15	**219,692**	145,145
		1,004,660	778,415
Current assets			
Inventories	16	**669,464**	747,946
Trade receivables	17	**65,707**	73,214
Other receivables, deposits and prepayments	18	**160,690**	180,129
Time deposits	19	**–**	241
Cash and cash equivalents	19	**303,256**	296,478
Income tax recoverable		**9,550**	10,400
		1,208,667	1,308,408
LIABILITIES			
Current liabilities			
Trade payables	20	**329,718**	279,179
Other payables and accruals	21	**203,196**	212,466
Borrowings	22	**30,000**	102,484
Lease liabilities	13	**231,928**	251,561
Income tax payable		**8,954**	9,021
		803,796	854,711
Net current assets		**404,871**	453,697
Total assets less current liabilities		**1,409,531**	1,232,112
Non-current liabilities			
Other payables		**21,736**	19,522
Lease liabilities	13	**333,675**	219,949
Retirement benefit obligations	23	**12,660**	9,532
Deferred tax liabilities	15	**279**	201
		368,350	249,204
Net assets		**1,041,181**	982,908
EQUITY			
Capital and reserves			
Share capital	24	**310,319**	310,319
Reserves	25	**730,862**	672,589
Total equity		**1,041,181**	982,908

The consolidated financial statements on pages 161 to 214 were approved by the Company's Board of Directors on 15 June 2023 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 166 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Note	Attributable to owners of the Company		
		Share capital HK$'000	**Reserves HK$'000**	**Total HK$'000**
Balance at 1 April 2022		**310,319**	**672,589**	**982,908**
Profit for the year		**–**	**58,247**	**58,247**
Other comprehensive loss:				
Actuarial gain on retirement benefit obligations		**–**	**8,490**	**8,490**
Currency translation differences of foreign subsidiaries recorded in translation reserve		**–**	**(9,063)**	**(9,063)**
Total comprehensive income for the year		**–**	**57,674**	**57,674**
Share award scheme:				
Value of employee services	24 & 25	**–**	**281**	**281**
Unclaimed dividends forfeited	25	**–**	**318**	**318**
Total transactions with owners, recognised directly in equity		**–**	**599**	**599**
Balance at 31 March 2023		**310,319**	**730,862**	**1,041,181**

	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	24 & 25	–	324	324
Unclaimed dividends forfeited	25	–	380	380
Total transactions with owners, recognised directly in equity		–	704	704
Balance at 31 March 2022		310,319	672,589	982,908

The notes and disclosures on pages 166 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash generated from operations	26(a)	**493,319**	127,426
Hong Kong profits tax paid		**(2,132)**	(1,695)
Overseas tax refund/(paid)		**35**	(755)
Net cash generated from operating activities		**491,222**	124,976
Cash flows from investing activities			
Purchase of property, plant and equipment		**(59,406)**	(59,907)
Proceeds from disposal of property, plant and equipment	26(b)	**1**	1
Decrease in time deposits		**241**	20,771
Interest received		**2,264**	1,903
Net cash used in investing activities		**(56,900)**	(37,232)
Cash flows from financing activities			
Payment for lease liabilities (including interest)	13(b)	**(346,629)**	(399,694)
Loan interest payment		**(2,403)**	(252)
Unclaimed dividends forfeited		**318**	380
Proceeds from borrowings	26(c)	**61,494**	214,906
Repayment of borrowings	26(c)	**(133,978)**	(112,422)
Net cash used in financing activities		**(421,198)**	(297,082)
Net increase/(decrease) in cash and cash equivalents		**13,124**	(209,338)
Cash and cash equivalents at beginning of year		**296,478**	505,392
Effect of foreign exchange rate changes		**(6,346)**	424
Cash and cash equivalents at end of year	19	**303,256**	296,478

The notes and disclosures on pages 166 to 214 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 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 174.

2 Changes in accounting policies

(i) Amendments to standards, annual improvements and revised accounting guideline mandatory for the first time for the financial year beginning 1 April 2022 were adopted

- Annual Improvements Project, "Annual Improvements to HKFRSs 2018-2020 (amendments) Interest Rate Benchmark Reform – Phase 2";
- HKFRS 3, Hong Kong Accounting Standard ("HKAS") 16 and HKFRS 37, "Narrow-scope amendments (amendments)";
- Accounting guideline 5 (Revised), "Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations".

All amendments to standards, annual improvements and revised accounting guideline listed above do not have a significant effect on the Group's accounting policies.

(ii) Amendments to standards and interpretation not yet adopted

The following new amendments to standards, and interpretations (collectively, the "Amendments") have been issued but are not effective for the period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 April 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 April 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 April 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 April 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 April 2024
Amendments to Hong Kong Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2024

The Group will apply these Amendments in the year of initial application. Given the current status of the Group, the directors do not expect the adoption of the Amendments will have any impact on the Group's results of operations and financial position.

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.

6 Financial assets (continued)

(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 17 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.

(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.

(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. There is no derivative financial instrument as at 31 March 2023 and 2022.

Certain assets of the Group are denominated in United States dollar ("US$") 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 2023, 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 2023 and 2022.

(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 2023 and 2022.

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 Mainland, and wholesales, which are due within 90 days from the date of invoice. As at 31 March 2023, 86.1% (2022: 89.5%) 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 17.

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$3,106,000 (2022: HK$2,766,000) were made as at 31 March 2023.

Movements on the Group's provision for ECL of trade receivables are disclosed in Note 17.

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 2023, the Group's financial liabilities included mainly trade payables and other payables amounting to HK$422,108,000 (2022: HK$399,188,000), which were substantially due within 3 months, lease liabilities amounting to HK$245,687,000 (2022: HK$259,280,000) and HK$346,377,000 (2022: HK$227,337,000) which were due within 12 months and over 12 months respectively, and short-term bank borrowings amounting to HK$30,000,000.

As at 31 March 2023, there are no trust receipt loans. As at 31 March 2022, the bank borrowing included trust receipt loans due within one year with HK$2,484,000.

As at 31 March 2023, the bank borrowings included revolving loans due within one year and contained a repayment-on-demand clause with HK$30,000,000 (2022: HK$100,000,000 due within one to two years). 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 19 and Note 22. 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 2023 and 2022:

	2023 **HK$'000**	2022 HK$'000
Total borrowings	**30,000**	102,484
Total equity	**1,041,181**	982,908
Gearing ratio	**2.9%**	10.4%

As at 31 March 2023, the Group had borrowings HK$30,000,000 (2022: HK$102,484,000), the gearing ratio is 2.9% (2022: 10.4%).

As at 31 March 2023, the Group maintained a cash position of HK$303,256,000 (2022: HK$296,719,000).

The Group has complied with covenants of the major borrowing facilities throughout the year.

3 Fair value estimation

As at 31 March 2023 and 2022, 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 future cash flows are less than the carrying amount of the corresponding non-financial assets, 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 no impairment of right-of-use assets and property, plant and equipment (2022: HK$86,978,000). 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, 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 2023, the Group did not recognise deferred tax assets of HK$90,737,000 (2022: HK$151,276,000) in respect of tax losses and temporary differences amounting to HK$376,916,000 (2022: HK$775,827,000) and HK$53,550,000 (2022: HK$52,420,000) 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 2023, 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 been 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 any subsidiary of the 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 been 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 and storage income

Slide display rental income and storage income are 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 discounted 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 will expire on 31 March of each year and there was no material award points outstanding as at the 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:

	2023 **HK$'000**	2022 HK$'000
Turnover – recognised under HKFRS 15 at a point in time		
Retail and wholesale	**3,500,525**	3,412,727
Other income – recognised under other accounting standards		
Government subsidies (Note)	**25,817**	4,953
Slide display rental income	**17,664**	18,596
Storage income	**12,685**	11,417
Short-term sub-lease income	**–**	17,269
	56,166	52,235

Note:
During the year ended 31 March 2023, wage subsidies of HK$25,424,000 were granted from the Hong Kong SAR government's Employment Support Scheme for the use of paying wages of employees and HK$240,000 were granted from the Beauty Parlours, Massage Establishments and Party Rooms Subsidy Scheme under Anti-Epidemic Fund. Remaining subsidy of HK$153,000 was granted from another subsidy scheme launched by the government of Malaysia.

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 and 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 subsidy of HK$194,000 was granted from another subsidy scheme launched by the government of Macau SAR.

2 Revenue and other income (continued)

The Group has complied with all attached conditions before 31 March 2023 and 2022 and recognised the corresponding subsidies in the consolidated income statement.

(a) Revenue recognition in relation to contract liabilities

As at 31 March 2023 and 2022, contract liabilities included receipts in advance and deferred revenue amounting to HK$14,176,000 (2022: HK$25,317,000) and HK$250,000 (2022: HK$226,000) respectively.

The following table shows the revenue recognised in the current reporting period relating to carried-forward receipts in advance and deferred revenue:

	2023 HK$'000	2022 HK$'000
Revenue recognised that was included in the receipts in advance and deferred revenue balance at the beginning of the year	**25,543**	22,320

There was no revenue recognised for the years ended 31 March 2023 and 2022 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 2023				
	Hong Kong & Macau SARs HK$'000	**Online business HK$'000**	**Mainland China HK$'000**	**Malaysia HK$'000**	**Total HK$'000**
Turnover	**2,373,301**	**601,977**	**225,270**	**299,977**	**3,500,525**
Segment results	**101,055**	**(21,201)**	**(44,459)**	**22,852**	**58,247**
Other information					
Capital expenditure	**44,195**	**1,260**	**1,477**	**11,655**	**58,587**
Finance income	**1,786**	**92**	**333**	**1,042**	**3,253**
Finance costs	**15,599**	**123**	**1,462**	**1,916**	**19,100**
Income tax (credit)/expense	**(79,928)**	**(143)**	**–**	**7,463**	**(72,608)**
Depreciation of property, plant and equipment	**54,560**	**550**	**4,666**	**3,776**	**63,552**
Depreciation of right-of-use assets	**241,978**	**699**	**8,135**	**24,740**	**275,552**
(Reversal of provision)/provision for slow moving inventories and shrinkage	**(8,172)**	**95**	**4,665**	**(1,898)**	**(5,310)**

	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)

	Hong Kong & Macau SARs HK$'000	Online business HK$'000	Mainland China HK$'000	Malaysia HK$'000	Total HK$'000
At 31 March 2023					
Non-current assets	**894,120**	**7,194**	**18,610**	**84,736**	**1,004,660**
Current assets	**840,203**	**125,363**	**91,898**	**151,203**	**1,208,667**
Total assets as per consolidated statement of financial position					**2,213,327**
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

4 Other gains – net

	2023 HK$'000	2022 HK$'000
Net exchange (losses)/gains (Note (a))	**(5,994)**	3,118
Gains on derecognition of lease liabilities and right-of-use assets (Note (b))	**17,901**	16,120
	11,907	19,238

Note:

(a) Net exchange (losses)/gains are accounted for in accordance with Significant Accounting Policy No. 8.

(b) During the year ended 31 March 2023, the Group has closed a number of stores before the end of the leases. An impairment loss for the corresponding right-of-use assets has been made in the prior year. The remaining lease liabilities and right-of-use assets of these leases were derecognized upon early termination, which resulted in gains of HK$17,901,000.

During the year ended 31 March 2022, the Group has decided not to exercise the extension option upon the end of certain leases. Accordingly, the previously recognised 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

	2023 HK$'000	2022 HK$'000
Cost of inventories sold	**2,104,475**	2,143,231
Employee benefit expenses (including directors' emoluments) (Note 6)	**661,943**	651,816
Depreciation expenses		
– right-of-use assets (Note 13)	**275,552**	276,194
– property, plant and equipment (Note 12)	**63,552**	79,871
Lease rentals in respect of land and buildings		
– lease rental for short-term leases	**61,247**	127,645
– contingent rent	**32,886**	32,826
– rent concession related to Covid-19 (Note)	**(17,688)**	(35,934)
Building management fees, government rent and rates	**67,686**	76,699
Advertising and promotion expenses	**58,531**	63,708
Transportation and delivery charges	**47,198**	50,826
Outsource warehouse handling expenses and platform charges	**35,595**	41,830
Utilities and telecommunication	**32,124**	33,037
Bank and credit card charges	**32,093**	28,918
Repair and maintenance	**20,632**	23,396
Packaging expenses	**14,298**	16,334
Postage, printing and stationery	**6,212**	8,942
Auditors' remuneration		
– audit services	**2,799**	2,718
– non-audit services	**693**	1,018
Donations	**1,092**	1,987
Write-off of property, plant and equipment (Note 12)	**1,196**	1,352
(Reversal of provision)/provision for slow moving inventories and shrinkage (Note 16)	**(5,310)**	8,950
Others	**70,306**	89,954
	3,567,112	3,725,318
Representing:		
Cost of sales	**2,099,165**	2,152,181
Selling and distribution costs	**1,223,114**	1,323,946
Administrative expenses	**244,833**	249,191
	3,567,112	3,725,318

Note:
During the year ended 31 March 2023, rent concession related to Covid-19 amounted to HK$17,688,000 (2022: HK$35,836,000) was included in selling and distribution costs and nil (2022: HK$98,000) was included in administrative expenses.

6 Employee benefit expenses (including directors' emoluments)

Significant Accounting Policies No. 9

	2023 HK$'000	2022 HK$'000
Basic salaries, bonuses, housing allowances, other allowances and benefits-in-kind	**619,281**	621,243
Retirement benefit costs (Note 23(b))	**41,126**	29,077
Directors' fees	**1,255**	1,172
Share-based payment (Note 24(c))	**281**	324
	661,943	651,816

7 Director and senior management emoluments

(a) Directors' emoluments

Directors' emoluments comprise payments to the Company's directors (including three (2022: 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 (2022: 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 (2022: 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:

	2023 HK$'000	2022 HK$'000
Directors' fees	**1,255**	1,172
Basic salaries, housing allowances, other allowances and benefits-in-kind	**9,259**	6,020
Discretionary bonuses	**547**	423
Share-based payment	**324**	–
Retirement benefit costs	**188**	123
	11,573	7,738

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 2023						
Executive Directors						
Dr KWOK Siu Ming Simon (ii)	–	2,322	119	–	–	2,441
Dr KWOK LAW Kwai Chun Eleanor	–	2,107	108	–	–	2,215
Mr HO Danny Wing Fi (iv)	–	2,214	70	68	324	2,676
Dr LOOK Guy (iii)	–	910	–	–	–	910
Ms KWOK Sze Wai Melody	–	811	127	57	–	995
Ms KWOK Sze Nga Kitty (v)	–	895	123	63	–	1,081
Non-executive Director						
Ms LEE Yun Chun Marie-Christine	241	–	–	–	–	241
Independent Non-executive Directors						
Ms KI Man Fung Leonie	316	–	–	–	–	316
Mr TAN Wee Seng	382	–	–	–	–	382
Mr CHAN Hiu Fung Nicholas	316	–	–	–	–	316
	1,255	9,259	547	188	324	11,573

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

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.

(iii) Dr LOOK Guy retired from his positions as executive director of the Company with effect from the conclusion of the AGM held on 31 August 2022.

(iv) Mr HO Danny Wing Fi appointed as executive director of the Company with effect from 30 June 2022.

(v) Ms KWOK Sea Nga Kitty appointed as executive director of the Company with effect from the conclusion of the AGM held on 31 August 2022.

No compensation for loss of office has been paid to the directors for the years ended 31 March 2023 and 2022.

Except for one non-executive director and three independent non-executive directors who waived emoluments HK$16,000 (2022: HK$32,000) and a range of HK$21,000 to HK$25,000 (2022: HK$42,000 to HK$51,000) respectively, no other directors waived any emoluments in the years ended 31 March 2023 and 2022.

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 (2022: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2022: two) individuals during the year were as follows:

	2023 HK$'000	2022 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**3,080**	2,738
Discretionary bonuses	**143**	143
Retirement benefit costs	**117**	104
Share-based payment	**14**	76
	3,354	3,061

The emoluments of the individuals fell within the following bands:

	Number of individuals	
Emoluments bands	**2023**	2022
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:

	2023 HK$'000	2022 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**3,080**	2,738
Discretionary bonuses	**143**	143
Retirement benefit costs	**117**	104
Share-based payment	**14**	76
	3,354	3,061

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:

Emoluments bands	Number of individuals 2023	2022
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 13.

The accounting policy of interest expenses on bank borrowings is disclosed in Note 22.

	2023 HK$'000	2022 HK$'000
Finance income from:		
Interest income on bank deposits	**2,364**	1,654
Others	**889**	1,395
	3,253	3,049
Finance costs from:		
Interest expenses on lease liabilities	**16,739**	11,455
Interest expenses on bank borrowings	**2,361**	323
	19,100	11,778

9 Income tax (credit)/expense

Accounting Policy

The tax (credit)/expense 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 (credit)/expense 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.

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 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.

	2023 HK$'000	2022 HK$'000
Current tax:		
Hong Kong profits tax		
Current	**2,313**	2,305
Over-provision in previous years	**(297)**	(318)
Overseas taxation		
Current	**505**	197
Over-provision in previous years	**(16)**	(6)
Total current tax	**2,505**	2,178
Deferred tax (Note 15):		
(Increase)/decrease in net deferred tax assets	**(75,113)**	4,729
Income tax (credit)/expense	**(72,608)**	6,907

The income tax (credit)/expense 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:

	2023 HK$'000	2022 HK$'000
Loss before income tax	**(14,361)**	(336,825)
Tax calculated at a taxation rate of 16.5% (2022: 16.5%)	**(2,370)**	(55,576)
Effect of different taxation rates in other countries (Note)	**829**	334
Expenses not deductible for income tax purposes	**5,158**	19,979
Income not subject to income tax	**(6,571)**	(75)
Unrecognised tax losses	**11,256**	49,270
Recognition of tax losses previously not recognised	**(80,597)**	(6,701)
Over-provision in previous years	**(313)**	(324)
Income tax (credit)/expense	**(72,608)**	6,907

Note:
The Group is subject to different tax jurisdictions mainly in Macau SAR, Malaysia and Mainland China with tax rate ranges from 12% to 25% (2022: 12% to 25%).

10 Earnings/(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.

(a) Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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.

	2023	2022
Profit/(loss) attributable to owners of the Company (HK$'000)	**58,247**	(343,732)
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	**3,101,830**	3,101,568

(b) For the year ended 31 March 2023, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held under the Share Award Scheme during the year. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and future service cost. For shares held under the Share Award Scheme, awarded shares granted to the employees but not yet vested as at 31 March 2023 has been included in the number of shares.

For the year ended 31 March 2022, diluted loss per share equals to basic loss per share as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

11 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 a final dividend for the year ended 31 March 2023 (2022: Nil).

12 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.

12 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 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
Year ended 31 March 2023					
Opening net book amount	**107,777**	**60,853**	**31,317**	**2,191**	**202,138**
Additions	**–**	**42,649**	**9,835**	**6,103**	**58,587**
Write-off	**–**	**(986)**	**(209)**	**(1)**	**(1,196)**
Disposals	**–**	**–**	**(1)**	**–**	**(1)**
Depreciation	**(5,629)**	**(40,011)**	**(16,013)**	**(1,899)**	**(63,552)**
Exchange differences	**–**	**(728)**	**(285)**	**(1)**	**(1,014)**
Closing net book amount	**102,148**	**61,777**	**24,644**	**6,393**	**194,962**
At 31 March 2023					
Cost	**190,790**	**501,938**	**238,454**	**26,684**	**957,866**
Accumulated depreciation and impairment	**(88,642)**	**(440,161)**	**(213,810)**	**(20,291)**	**(762,904)**
Net book amount	**102,148**	**61,777**	**24,644**	**6,393**	**194,962**

12 Property, plant and equipment (continued)

(a) Depreciation expense of HK$47,637,000 (2022: HK$61,954,000) was included in selling and distribution costs, HK$15,915,000 (2022: HK$17,917,000) was included in administrative expenses.

(b) Write-off of property, plant and equipment of HK$1,196,000 (2022: HK$1,352,000) was included in selling and distribution costs.

(c) As at 31 March 2023, land and buildings with carrying value amounted to HK$100,567,000 (2022: HK$106,110,000) were pledged for banking facilities made available to the Group.

As at 31 March 2023, net book amount of retail store assets represented property, plant and equipment and right-of-use assets amounting to HK$48,901,000 (2022: HK$43,636,000) and HK$375,281,000 (2022: HK$331,339,000) 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 of the impairment assessment, no impairment loss of property, plant and equipment (2022: HK$19,496,000) and right-of-use assets (Note 13) (2022: HK$67,482,000) was recognised.

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 markets are as follows:

Revenue growth rate:	based on the estimated foot traffic of the Group's retail stores and the recovery of the economy of this market
Percentage change of running costs:	based on the estimated change related to the Group's cost saving plan and historical data
Gross profit margin:	based on the historical data and potential change in product mix

13 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.

13 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 as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

13 Leases (continued)

(a) Right-of-use assets

	Store properties HK$'000	Warehouses and offices properties HK$'000	Total HK$'000
At 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 and 1 April 2022	**331,338**	**13,414**	**344,752**
Inception of lease contracts	**280,798**	**177,863**	**458,661**
Reassessment of lease term	**–**	**(16)**	**(16)**
Adjustment for lease modification	**(448)**	**(5,353)**	**(5,801)**
Depreciation	**(234,775)**	**(40,777)**	**(275,552)**
Exchange difference	**(1,632)**	**(733)**	**(2,365)**
At 31 March 2023	**375,281**	**144,398**	**519,679**

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 (2022: 1 to 10 years).

During the year ended 31 March 2023, depreciation of right-of-use assets of HK$269,575,000 (2022: HK$268,808,000) was included in selling and distribution costs, HK$5,977,000 (2022: HK$7,386,000) 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 12(c).

13 Leases (continued)

(b) Lease liabilities

	2023 HK$'000	2022 HK$'000
At 1 April	**471,510**	649,116
Inception of lease contracts	**453,216**	351,014
Reassessment of lease term	**(16)**	(135,662)
Adjustment for lease modification	**(24,118)**	(5,722)
Interest expenses on lease liabilities (Note)	**16,739**	11,455
Payment for lease liabilities (including interest)	**(346,629)**	(399,694)
Exchange difference	**(5,099)**	1,003
At 31 March	**565,603**	471,510

Note:
During the year ended 31 March 2023, interest expenses on lease liabilities of HK$16,739,000 (2022: HK$11,455,000) were included in finance costs.

Maturity analysis of lease liabilities is as follows:

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Not later than 1 year	**231,928**	251,561
Later than 1 year but not later than 5 years	**329,434**	207,933
Over 5 years	**4,241**	12,016
	565,603	471,510
Less: portion classified as current liabilities	**(231,928)**	(251,561)
Non-current liabilities	**333,675**	219,949

(c) Short-term leases and not yet commenced leases

As at 31 March 2023, the total future lease payments for short-term leases and not yet commenced leases amounted to HK$17,609,000 (2022: HK$24,157,000) and HK$41,746,000 (2022: HK$215,491,000) respectively.

14 Rental deposits and other assets

	Significant Accounting Policies No. 6	
	2023 HK$'000	2022 HK$'000
Rental and other deposits	**64,775**	80,828
Others	**5,552**	5,552
	70,327	86,380

Rental deposits are carried at amortised cost using the effective interest rate of 0.44% to 1.79% per annum (2022: 0.44% to 1.79% per annum). The carrying amounts of rental deposits approximate their fair values.

15 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:

	2023 **HK$'000**	2022 HK$'000
Deferred tax assets	**219,692**	145,145
Deferred tax liabilities	**(279)**	(201)
Deferred tax assets – net	**219,413**	144,944

The movement in net deferred tax assets is as follows:

	2023 **HK$'000**	2022 HK$'000
At 1 April	**144,944**	149,698
Deferred tax credited/(charged) to the consolidated income statement (Note 9)	**75,113**	(4,729)
Exchange differences	**(644)**	(25)
At 31 March	**219,413**	144,944

As at 31 March 2023 and 2022, 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. Tax losses included in deferred tax assets amounting to HK$56,634,000 (2022: HK$2,438,000) and HK$151,866,000 (2022: HK$116,937,000) which is expected to be recovered within 12 months and over 12 months respectively.

15 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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**11,773**	7,699	**11,998**	24,669	**1,999**	1,709	**119,375**	115,745	**145,145**	149,822
Credited/(charged) to the consolidated income statement	**(5,115)**	4,079	**(9,005)**	(12,672)	**66**	298	**89,245**	3,643	**75,191**	(4,652)
Exchange differences	**(412)**	(5)	**(19)**	1	**(93)**	(8)	**(120)**	(13)	**(644)**	(25)
At 31 March	**6,246**	11,773	**2,974**	11,998	**1,972**	1,999	**208,500**	119,375	**219,692**	145,145

Deferred tax liabilities	Accelerated tax depreciation	
	2023	2022
	HK$'000	HK$'000
At 1 April	**201**	124
Charged to the consolidated income statement	**78**	77
At 31 March	**279**	201

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$90,737,000 (2022: HK$151,276,000) in respect of tax losses amounting to HK$376,916,000 (2022: HK$775,827,000) and temporary differences amounting to HK$53,550,000 (2022: HK$52,420,000) that can be carried forward against future taxable income. Tax losses amounting to HK$222,279,000 (2022: HK$162,538,000) will expire within 1 to 5 years from 31 March 2023. The remaining tax losses and capital allowances have no expiry date.

16 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.

16 Inventories (continued)

	2023 HK$'000	2022 HK$'000
Merchandise for resale	**669,464**	747,946

The cost of inventories recognised in cost of sales amounted to HK$2,104,475,000 (2022: HK$2,143,231,000).

During the year, the Group has made reversal provision of HK$5,310,000 (2022: provision of HK$8,950,000) for slow moving inventories and shrinkage.

17 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.

	2023 HK$'000	2022 HK$'000
Trade receivables	**68,813**	75,980
Less: Provision for expected credit losses	**(3,106)**	(2,766)
Trade receivables – net	**65,707**	73,214

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:

	2023 HK$'000	2022 HK$'000
Within 1 month	**51,893**	46,955
1 to 3 months	**4,669**	18,607
Over 3 months	**9,145**	7,652
	65,707	73,214

17 Trade receivables (continued)

Movement in the Group's provision for expected credit losses on trade receivables is as follows:

	2023 **HK$'000**	2022 HK$'000
At 1 April	**2,766**	1,259
Provision for impairment	**352**	1,500
Exchange differences	**(12)**	7
At 31 March	**3,106**	2,766

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:

	2023 **HK$'000**	2022 HK$'000
Renminbi	**37,892**	49,686
Hong Kong dollar	**19,757**	20,051
US dollar	**3,999**	2,805
Malaysian Ringgit	**2,085**	672
Singapore dollar	**1,220**	–
Others	**754**	–
	65,707	73,214

18 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.

	2023 **HK$'000**	2022 HK$'000
Rental and utilities deposits	**75,728**	77,882
Other receivables and payment in advance	**45,583**	53,086
Prepayments	**21,040**	27,885
Other deposits	**18,339**	21,276
	160,690	180,129

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.

19 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.

	2023 **HK$'000**	2022 HK$'000
Time deposits	**–**	241
Short-term bank deposits	**160,034**	47,052
Cash at bank and on hand	**143,222**	249,426
Cash and cash equivalents	**303,256**	296,478
Total	**303,256**	296,719

Cash and bank balances are denominated in the following currencies:

	2023 **HK$'000**	2022 HK$'000
Hong Kong dollar	**140,198**	133,844
Malaysian Ringgit	**61,740**	80,836
Renminbi	**35,279**	36,655
US dollar	**27,885**	9,601
Macau Pataca	**13,011**	20,024
Euro	**11,411**	8,424
Swiss Franc	**10,040**	2,681
Japanese Yen	**2,840**	2,253
Others	**852**	2,401
	303,256	296,719

As at 31 March 2023, there are no time deposit over three months. As at 31 March 2022, the year-end effective interest rate on time deposits over three months was 1.75% per annum. These deposits have an average maturity of 12 months.

The year-end effective interest rate on short-term bank deposits was 3.18% per annum (2022: 1.12% per annum). These deposits have an average maturity of 1 month (2022: 1 month).

As at 31 March 2023, total cash and bank balances denominated in Renminbi and Malaysian Ringgit of approximately HK$91,901,000 (2022: HK$115,222,000) 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.

20 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:

	2023 **HK$'000**	2022 HK$'000
Within 1 month	**240,554**	163,757
1 to 3 months	**67,144**	79,956
Over 3 months	**22,020**	35,466
	329,718	279,179

The carrying amounts of trade payables approximate their fair values.

Trade payables are denominated in the following currencies:

	2023 **HK$'000**	2022 HK$'000
Hong Kong dollar	**224,044**	149,090
US dollar	**40,143**	28,952
Renminbi	**26,520**	63,318
Euro	**12,650**	11,737
Malaysian Ringgit	**12,396**	14,585
South Korean Won	**7,656**	5,272
Japanese Yen	**3,321**	3,721
Swiss Franc	**2,452**	1,902
Macau Pataca	**409**	177
Others	**127**	425
	329,718	279,179

21 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.

	2023 **HK$'000**	2022 HK$'000
Accrued staff costs	**75,732**	58,013
Accrued reinstatement costs	**20,444**	22,545
Valued-added tax and other tax payables	**15,686**	16,729
Contract liabilities (Note 2)	**14,426**	25,543
Accrued capital expenditure	**10,276**	11,095
Accrued advertising and promotion expenses	**10,241**	8,338
Accrued transportation expenses	**6,306**	10,821
Accrued repair and maintenance	**4,655**	5,135
Accrued utilities and telecommunication	**4,071**	4,273
Accrued rental related expenses	**3,923**	3,630
Other payables and accruals	**37,436**	46,344
	203,196	212,466

22 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.

	2023 **HK$'000**	2022 HK$'000
Secured:		
Bank borrowings	**20,000**	80,000
Total secured borrowings	**20,000**	80,000
Unsecured:		
Bank borrowings	**10,000**	20,000
Trust receipt loans	**–**	2,484
Total unsecured borrowings	**10,000**	22,484
Total borrowings	**30,000**	102,484

As at 31 March 2023, the maturity of borrowings based on scheduled repayment dates is within one year and contain a repayment-on-demand clause (2022: within one to two year and contain a repayment-on-demand clause), and it is classified as current liabilities.

As at 31 March 2023, no trust receipt loans was outstanding (31 March 2022: interest rate for trust receipt loans was 1.58% per annum). The bank borrowings were at interest rate ranging from 4.04% to 4.65% (31 March 2022: ranging from 1.29% to 1.64%) and were denominated in Hong Kong dollar.

The carrying amounts of borrowings approximate their fair values.

As at 31 March 2023, land and buildings with carrying value amounted to HK$100,567,000 (31 March 2022: HK$106,110,000) was pledged for banking facilities made available to the Group.

23 Retirement benefit obligations

(a) Retirement benefit obligations

	Significant Accounting Policies No. 9 **2023** **HK$'000**	2022 HK$'000
Retirement benefit obligations liability on:		
– long service payments (Note (b)(ii))	**12,660**	9,532

(b) Retirement benefit costs

	2023 **HK$'000**	2022 HK$'000
Retirement benefit costs charged to consolidated income statement:		
Retirement benefit costs (Note 6)		
– defined contribution plans (Note (i))	**27,961**	28,589
– long service payments (Note (ii))	**13,165**	488
	41,126	29,077
Retirement benefit costs (credited)/charged to other comprehensive income:		
– long service payments (Note (ii))	**(8,490)**	7,510

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.

A subsidiary of the Group in Malaysia contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. The Company has no further payment obligations once the contributions have been paid.

23 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 2023 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	
	2023	2022
	HK$'000	HK$'000
At 1 April	**9,532**	1,864
Current service cost	**415**	297
Interest cost	**182**	191
Past service cost (Note)	**12,568**	–
Retirement benefit costs charged to consolidated income statement	**13,165**	488
Remeasurements:		
Actuarial (gain)/loss – experience	**(8,480)**	7,520
Actuarial gain – financial assumptions	**(10)**	(575)
Actuarial loss – demographic assumptions	**–**	565
Retirement benefit costs (credited)/charged to other comprehensive income	**(8,490)**	7,510
Benefits paid directly by the employer	**(1,547)**	(330)
At 31 March	**12,660**	9,532

In June 2022, the Hong Kong SAR Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022. The amendment will come into effect prospectively from a date in 2025 to be appointed by the Hong Kong SAR Government ("Transition Date"), under which the accrued benefits attributable to the employers' mandatory contributions under the Mandatory Provident Fund would no longer be eligible to offset against the severance payment and long service payment accrued from the Transition Date. The retirement benefit obligation arising from long service payments has been remeasured accordingly and the impact is reflected as past service cost for the year.

24 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 2022 and 2023	8,000,000,000	800,000
Issued and fully paid shares of HK$0.1 each		
At 31 March 2022 and 2023	3,103,189,458	310,319

24 Share capital (continued)

(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 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.

The 2012 Share Option Scheme expired on 23 August 2022. Following the expiration of the 2012 Share Option Scheme, the Company adopted a new share option scheme (the "2022 Share Option Scheme") on 31 August 2022.

Under the 2022 Share Option Scheme, the Board shall, in accordance with and subject to the provisions of the 2022 Share Option Scheme and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), be entitled but shall not be bound at any time within the period of ten years commencing on 31 August 2022, the date on which the 2022 Share Option Scheme was adopted, to make an offer to any person belonging to the following classes of grantee (the "Participant") to subscribe, subject to such conditions as the Board may think fit, and no person other than the Participant named in such offer may subscribe, for such number of shares at such subscription price as the Board shall determine:

(a) any employee (whether employed on a full-time or part-time basis, including any executive director but excluding any non-executive director) of the Company or its subsidiaries (including persons who are granted options as an inducement to enter into employment contracts with the Group);

(b) any non-executive director (including independent non-executive director) of the Group;

(c) any director and employee of any holding company, fellow subsidiary or associated company of the Company;

(d) any shareholder of any member of the Group; and

(e) any person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group as determined by the Remuneration Committee, including advisers, consultants, distributors, contractors, suppliers, agents, business partners, joint venture partners, promoters and service providers of any member of the Group, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, or consultants providing professional services to the Group,

24 Share capital (continued)

(a) Share options (continued)

and, for the purposes of the 2022 Share Option Scheme, the offer may be made to a trust or similar arrangement for the benefit of a specified Participant subject to the fulfilment of requirements of the Listing Rules (including waiver from the Stock Exchange, where applicable).

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 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. The Group has no obligation to repurchase or settle the options in cash.

During the year ended 31 March 2023, no share option was granted under the 2012 Share Option Scheme and 2022 Share Option Scheme (2022: Nil).

Movements in the number of share options outstanding are as follows:

	No. of share options year ended 31 March	
	2023	2022
At 1 April	**6,027,000**	30,467,988
Lapsed	**(2,818,000)**	(24,440,988)
At 31 March	**3,209,000**	6,027,000

The expiry dates and subscription prices of the share options outstanding as at 31 March 2023 and 2022 are set out as follows:

Expiry dates	**Subscription price per Share**	**No. of share options outstanding as at 31 March**	
	(HK$)	**2023**	2022
2002 Share Option Scheme			
28 June 2022	4.85	**–**	2,412,000
2012 Share Option Scheme			
20 June 2023	8.07	**2,909,000**	3,315,000
12 April 2028	4.65	**300,000**	300,000
		3,209,000	6,027,000
Weighted average remaining contractual life of options outstanding at end of the year		**0.67 years**	1.07 years

24 Share capital (continued)

(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. The awarded shares are to be vested after the selected employee completed a period of services in the Group from four months 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 2023 and 31 March 2022, no share was acquired by the Company.

Movements in the number of awarded shares:

	Number of awarded shares year ended 31 March	
	2023	2022
At 1 April	**345,000**	455,000
Awarded (Note)	**200,000**	130,000
Vested	**(180,000)**	(225,000)
Lapsed	**(165,000)**	(15,000)
At 31 March	**200,000**	345,000

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$1.89 (2022: HK$1.59).

Details of the awarded shares outstanding as at 31 March 2023 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 2022**	**Awarded during the year**	**Vested during the year**	**Lapsed during the year**	**Outstanding as at 31 March 2023**
21 Jun 2019	2.25	21 Jun 2019 to 30 Jun 2022	125,000	–	(125,000)	–	–
9 Oct 2020	1.31	9 Oct 2020 to 30 Sep 2023	130,000	–	(15,000)	(115,000)	–
16 Dec 2021	1.68	16 Dec 2021 to 17 Nov 2023	75,000	–	(25,000)	(50,000)	–
9 Mar 2022	1.30	9 Mar 2022 to 21 Feb 2023	15,000	–	(15,000)	–	–
20 Dec 2022	1.89	20 Dec 2022 to 18 Apr 2023	–	200,000	–	–	200,000
			345,000	**200,000**	**(180,000)**	**(165,000)**	**200,000**

* 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:

	2023 HK$'000	2022 HK$'000
Expenses recognised by share award scheme	**281**	324

25 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 2022	1,412,707	(4,516)	11,783	15,587	(44,738)	(718,234)	672,589
Profit for the year	–	–	–	–	–	58,247	58,247
Other comprehensive loss:							
Actuarial gain on retirement benefit obligations	–	–	–	–	–	8,490	8,490
Currency translation differences of foreign subsidiaries recorded in translation reserve	–	–	–	–	(9,063)	–	(9,063)
Total comprehensive profit for the year	–	–	–	–	(9,063)	66,737	57,674
Share award scheme:							
Value of employee services	–	–	–	281	–	–	281
Vesting of shares under share award scheme	–	760	–	(362)	–	(398)	–
Employee share option scheme:							
Lapse of share options	–	–	–	(4,453)	–	4,453	–
Unclaimed dividends forfeited	–	–	–	–	–	318	318
Total transactions with owners, recognised directly in equity	–	760	–	(4,534)	–	4,373	599
At 31 March 2023	**1,412,707**	**(3,756)**	**11,783**	**11,053**	**(53,801)**	**(647,124)**	**730,862**

	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

26 Cash flow information

(a) Cash generated from operations

	2023 HK$'000	2022 HK$'000
Profit/(loss) for the year	**58,247**	(343,732)
Adjustments for:		
– Income tax (credit)/expense	**(72,608)**	6,907
– Depreciation of property, plant and equipment	**63,552**	79,871
– Depreciation of right-of-use assets	**275,552**	276,194
– Impairment of property, plant and equipment	**–**	19,496
– Impairment of right-of-use assets	**–**	67,482
– Write-off of property, plant and equipment	**1,196**	1,352
– Losses on disposal of property, plant and equipment (Note 26(b))	**–**	10
– (Reversal of provision)/provision for slow moving inventories and shrinkage	**(5,310)**	8,950
– Share-based payment	**281**	324
– Gain on derecognition of lease liabilities and right-of-use assets	**(18,317)**	(16,120)
– Finance costs	**19,100**	11,778
– Finance income	**(3,253)**	(3,049)
	318,440	109,463
Changes in working capital:		
– Inventories	**88,862**	4,503
– Trade receivables	**7,507**	3,758
– Other receivables, deposits and prepayments	**36,482**	11,630
– Trade payables	**50,539**	(11,051)
– Other payables, accruals and retirement benefit obligations	**(8,511)**	9,123
Cash generated from operations	**493,319**	127,426

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2023 HK$'000	2022 HK$'000
Net book amount (Note 12)	**1**	11
Losses on disposal of property, plant and equipment	**–**	(10)
Proceeds from disposal of property, plant and equipment	**1**	1

(c) The liabilities arising from financing activities represented borrowings and lease liabilities. For details of movement in lease liabilities, see Note 13(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.

27 Commitments

Capital commitments in respect of acquisition of property, plant and equipment

	2023 **HK$'000**	2022 HK$'000
Contracted but not provided for	**4,207**	26,502

28 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

	2023 **HK$'000**	2022 HK$'000
Purchase of goods from an entity owned by the immediate family member of an executive director	**2,960**	2,772
Rental paid to an entity wholly owned by executive directors	**719**	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 2024. 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:

	2023 **HK$'000**	2022 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**32,452**	28,595
Retirement benefit costs	**927**	910
Share-based payment	**281**	324
	33,660	29,829

28 Significant related party transactions (continued)

(c) Interest of directors

None of the directors received any termination benefits during the year ended 31 March 2023 (2022: Nil). During the year ended 31 March 2023, the Group did not pay consideration to any third parties for making available directors' services. As at 31 March 2023, there were no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (2022: 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 (2022: Nil).

29 Principal subsidiaries

Particulars of the principal subsidiaries at 31 March 2023:

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%
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%

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

29 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
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%
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 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%

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

29 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
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%
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.

30 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	2023 HK$'000	2022 HK$'000
ASSETS		
Non-current assets		
Investments in and amounts due from subsidiaries	**2,154,216**	2,158,847
Other assets	**750**	750
	2,154,966	2,159,597
Current assets		
Other receivables, deposits and prepayments	**692**	648
Cash and cash equivalents	**20,628**	20,952
	21,320	21,600
LIABILITIES		
Current liabilities		
Other payables and accruals	**633**	2,873
Net current assets	**20,687**	18,727
Total assets less current liabilities	**2,175,653**	2,178,324
EQUITY		
Capital and reserves		
Share capital	**310,319**	310,319
Reserves	**1,865,334**	1,868,005
Total equity	**2,175,653**	2,178,324

The statement of financial position of the Company was approved by the Board on 15 June 2023 and was signed on its behalf.

KWOK Siu Ming Simon
Chairman and CEO

KWOK LAW Kwai Chun Eleanor
Vice-chairman

30 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 2022	1,412,707	(4,516)	11,783	15,587	432,444	1,868,005
Loss and total comprehensive loss for the year	–	–	–	–	(3,270)	(3,270)
Share award scheme:						
Value of employee services	–	–	–	281	–	281
Vesting of shares under share award scheme	–	760	–	(362)	(398)	–
Employee share option scheme:	–	–	–	–	–	–
Lapse of share options	–	–	–	(4,453)	4,453	–
Unclaimed dividends forfeited	–	–	–	–	318	318
Total transactions with owners, recognised directly in equity	–	760	–	(4,534)	4,373	599
At 31 March 2023	**1,412,707**	**(3,756)**	**11,783**	**11,053**	**433,547**	**1,865,334**

	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

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
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

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)
Ms KWOK Sze Wai Melody, *MH*
Mr HO Danny Wing Fi (CFO)
Ms KWOK Sea Nga Kitty

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
17/F, Far East Finance Centre, 16 Harcourt Road
Hong Kong SAR
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
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Corporate & Shopping Websites

corp.sasa.com www.sasa.com

This 2022/2023 Annual Report is available in both English and Chinese, and in printed and electronic forms. All 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.

As an environment-conscious corporate citizen, the Company encourages Shareholders to access the corporate communications via the Company's or HKExnews website. Shareholders may at any time change their choice of language or means of receipt of the Company's corporate communications by notice in writing to Tricor Abacus Limited, the Company's branch share registrar and transfer office in Hong Kong. The request form may be downloaded from the Company's website.

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making life beautiful

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Shares of Sa Sa International Holdings Limited are traded on

The Stock Exchange of Hong Kong Limited (Stock Code: 178)