sasa

making life beautiful

Annual Report **2020/21**

DIGITAL BEAUTY

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 Malaysia. We position ourselves as one-stop beauty product specialty stores with a business focus on "Beauty". Our diversified portfolio extends to about 12,000 products from more than 600 international brands of skincare, fragrance, make-up, hair care and body care products as well as health and beauty supplements, including over 150 own brands and other exclusive international brands.

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 refined and seamless O2O customer experience.

OUR VISION

Making Life Beautiful

OUR MISSION

Realising our "Making Life Beautiful" vision, we:

- Create maximum returns for our shareholders
- Empower our employees to grow and excel
- Develop strategic partnerships with our suppliers
- Offer our customers the best products and shopping experiences
- Foster dialogue with our communities to address their needs

CONTENTS

Financial Highlights

Continuing operations only
For the year ended 31 March 2021

	YoY change	
Turnover	▼ 46.8% YoY change	HK$3,043.0 million
Gross profit margin	▼ 1.8% points YoY change	34.6%
Gross profit	▼ 49.5% YoY change	HK$1,051.8 million
Loss for the year		HK$359.3 million (LY Loss: HK$475.1 million)
(Loss before Store Impairments^)		HK$301.6 million (LY Loss: HK$204.6 million)
Basic loss per share		11.6 HK cents (LY LPS: 15.4 HK cents)
(Basic loss per share before Store Impairments^)		9.7 HK cents (LY LPS: 6.6 HK cents)

Solid Financial Position

(as of 31 March 2021)

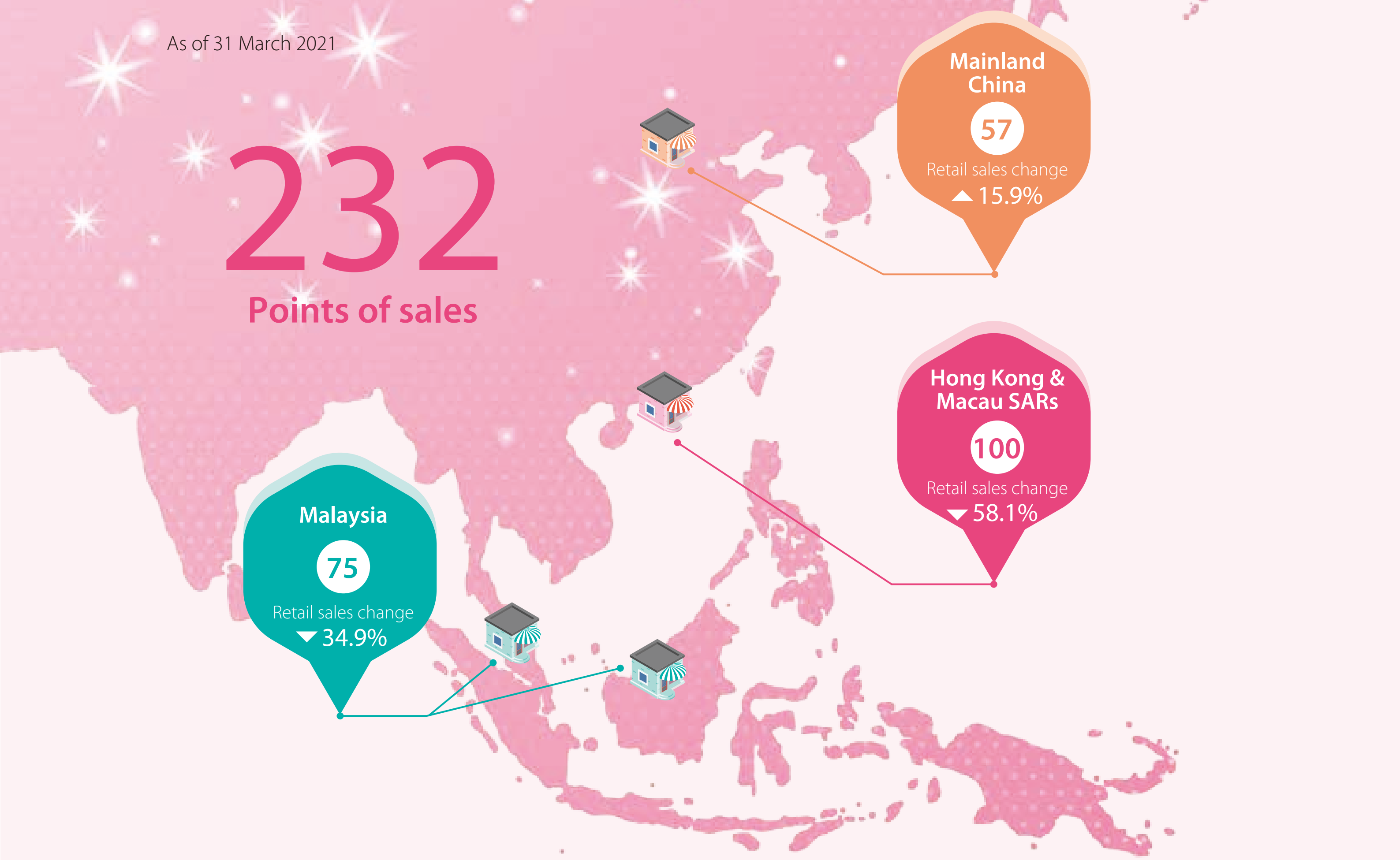
Cash and bank balances	HK$526.4 million
Gearing ratio (Defined as the ratio of total borrowings to total equity)	0
Current ratio(times)	1.9

^ Store Impairments refer to provision for impairment of retail store assets (include right-of-use assets and property, plant and equipment) of continuing operations made in accordance with the Hong Kong Accounting Standard 36

Our Footprint in Asia

As of 31 March 2021

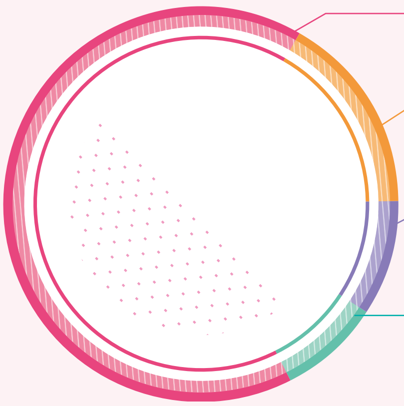
232
Points of sales



Remark : The above data is settled in local currency

Group Geographical Sales Mix

For the year ended 31 March 2021

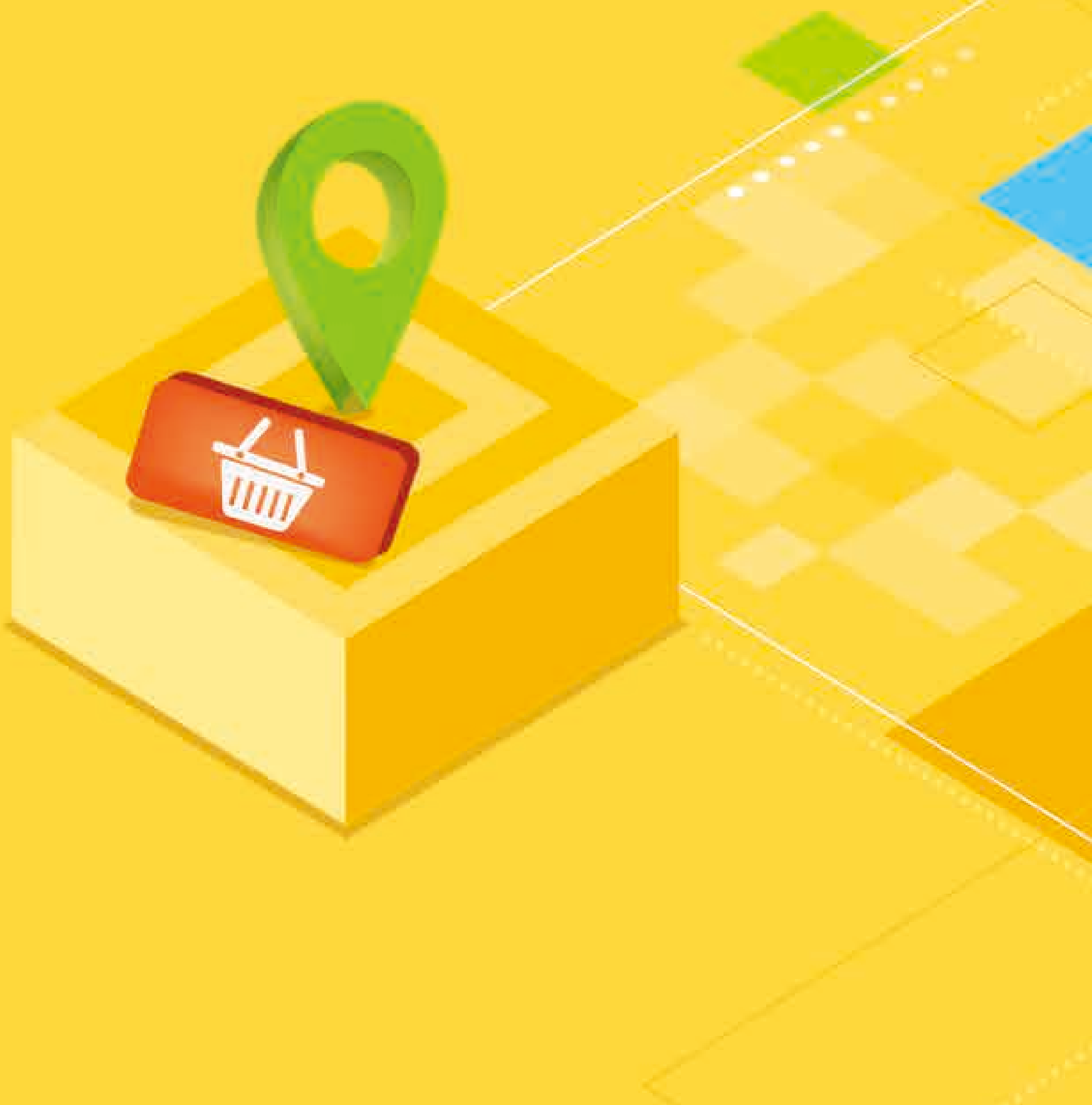


Hong Kong & Macau SARs	65.7%
Online business	16.5%
Mainland China	9.5%
Malaysia	8.3%
Total	**100%**

Beautiful Platforms

LINK MORE

We strive to accelerate the integration of O2O operations and put emphasis on digital marketing techniques to capitalise on the fast-growing online shopping extravaganza.



SUISSE PROGRAMME
COLLAGEX PREMIER
NATIVE COLLAGEN SERUM MIST
BRUME DE SERUM AU COLLAGENE PUR
SUISSE PROGRAMME
VITAMIN C
SUISSE PROGRAMME
RENEWING ACTIVATOR
SUISSE PROGRAMME
ADVANCED
CELLULAR BOOSTING SOLUTION
SOLUTION COUP DE FOUET CELLULAIRE
SUISSE PROGRAMME
GIGAWHITE PEARL CREAM
CREME DE PERLE GIGAWHITE

Beautiful Experiences

SHOP SIMPLE

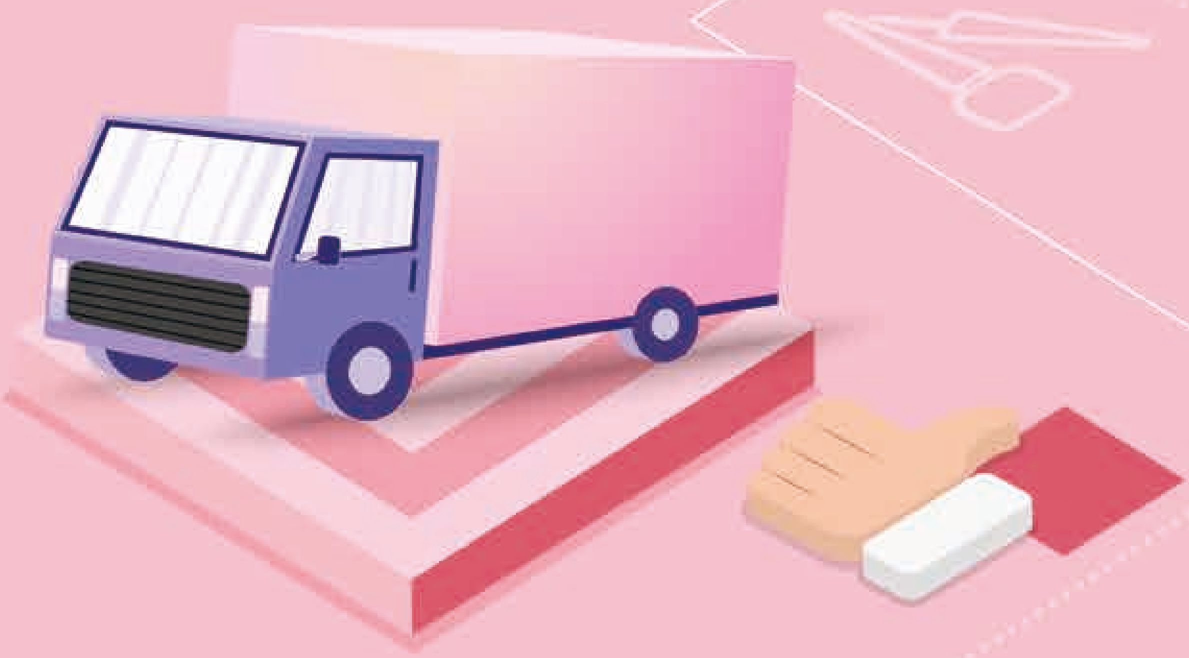
We are committed to embracing the New Retail era, and to becoming increasingly customer-centric for our future development.


Eleanor
PEONY ENRICHING
HAND CREAM

Beautiful Services

ENJOY SHOPPING

We aim to understand customers better and to interact more closely with them, moving towards the long-term goal of providing a seamless online-to-offline shopping experience.



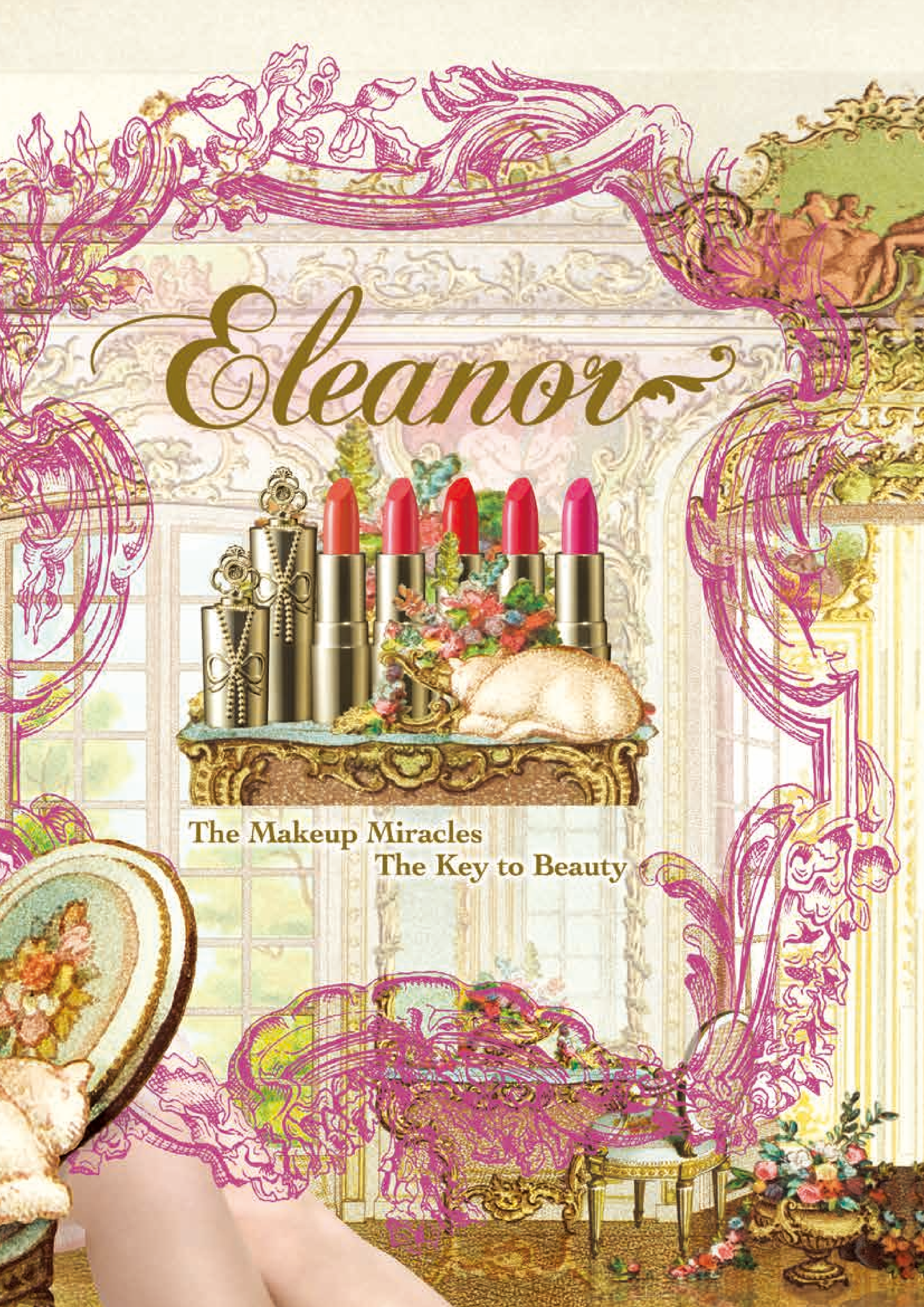

Cyber Colors
CYBER COLORS
SPF50+ PA++++
Nude Tinted Moisturizer
CYBER COLORS
CYBER COLORS
Cyber Colors

Beautiful Future

CLEAN BEAUTY

We formulate strategies to cater to the changing patterns in consumer behaviour and preferences by using big data and retail technology for business and product analysis.


ma:nyo
Pure & Deep Cleansing Foam
Natural Ingredients
TEAOLOGY
TEA INFUSION SKINCARE
GREEN TEA DETOX FACE SCRUB
3 PLY
DISPOSABLE MEDICAL MASK
ASTM F2100 Level 3
TEAOLOGY
WHITE TEA
MIRACLE DROPS
the beauty elixir


Eleanor
The Makeup Miracles
The Key to Beauty

Our Strategy

Our Strategic Priorities

Sa Sa is committed to foster sustainable business growth and bring long-lasting value to our stakeholders, thereby fulfil our "Making Life Beautiful" aspiration. This entails maximising returns for our shareholders, empowering our employees to grow and excel, building strategic partnerships with our suppliers, offering our customers the best products and shopping experiences, and maintaining dialogue with our communities to address their needs. Throughout our business, we strive to operate in a responsible and sustainable manner, generating the best value for business and society as a whole.

Working in a sustainable and responsible manner to bring long-lasting value to our stakeholders, through sound corporate governance, strict regulatory compliance and proactive risk management.

CUSTOMERS

We cater to fast-changing customer preferences by sourcing quality and diversified product offerings as well as by providing enjoyable shopping experiences.
See page 92-96

SHAREHOLDERS

We develop and implement business strategies to address market needs. Exercising prudent financial and risk management, we strive to enhance our operational and financial performances for delivering stable and sustainable returns to our shareholders. See page 124-131

EMPLOYEES

We equip our employees with the best skillsets to address current and future challenges. We empower them to pursue personal and career prospects and support them by promoting a balanced and joyful lifestyle.
See page 104-112

COMMUNITIES

We create positive social impact and address social issues by leveraging our resources and developing strategic partnerships with community groups, promoting beauty in our communities.
See page 113-118

SUPPLIERS

We develop strategic partnerships with our suppliers and business partners to provide best-in-class products and services, as well as to enhance our competitiveness by offering exclusive products in the market.
See page 92-96

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

Customer Touch Points

We engage and interact with our customers through multiple customer touch points, making progress every day to enhance their shopping experience. We seek to offer more convenient and dedicated shopping options as we move into the new retail era.

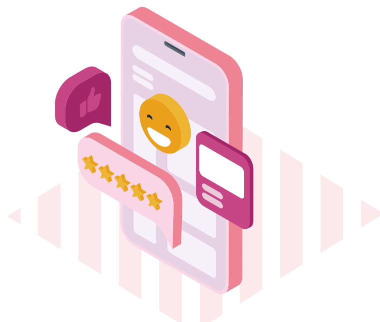
Offline Channels (retail stores)

Online Channels

Sa Sa Website
– Sasa.com/Sa Sa Mobile App

Third-party Platforms

Social Commerce Platforms



Our Strategy

Customers

We place customers at the heart our business – We strive to delight our customers with diversified quality products and dedicated multi-brand beauty advice and services. Our retail brand, products and services are well received and supported by our customers.

Offline retail stores
Transactions in FY2020/21
10.4 million

Online business*
Transactions in FY2020/21
1.5 million

* Online business includes Sasa.com, mobile app, third-party platforms and social commerce

Products & Services

As a leading one-stop beauty product specialty store in Asia, we provide an extensive assortment of cosmetics and beauty products at competitive prices to our customers. Our product sourcing and development team optimises our portfolio by accelerating launches of popular products and closely managing product life cycles. As of 31 March 2021, the Group offers:

Stock Keeping Units (SKUs)
12,000+

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

International beauty brands
600+

Exclusive and own brands
150+

In addition to diversified product offerings, our team of well-trained beauty consultants serve the needs of individual customers by offering personalised beauty advice across different brands and by assisting our customers to choose the most suitable products under one roof. This approach largely differentiates Sa Sa from other single-brand shops. Leveraging the emergence of social commerce, our beauty consultants have extended their services to the online platforms, making us capable of interacting with customers both online and offline.

House Brands

- Abercrombie & Fitch
- AHAVA ELEMENTAL BEAUTY FROM THE DEAD SEA
- ALFRED SUNG
- ARMAND BASI
- ATOPALM 아토팜
- AZZARO
- BANILA CO
- b·līv healthy pores healthy skin
- UNITED COLORS OF BENETTON.
- BENTLEY
- Blumarine
- BYPHASSE
- Cell Fusion C Dermatological Laboratory
- CHRISTIAN BRETON PARIS
- CHRISTIAN LAURENT
- COLLISTAR MILANO
- COLOR COMBOS
- Cottage
- CREMORLAB a new classic in hydration
- CR7 CRISTIANO RONALDO
- Cyber Colors
- Derma:B
- Dr.FORHAIR PROFESSIONAL SCALP SOLUTIONS
- Dr.G MY SKIN MENTOR Dr.G
- Dr.Jart+
- DSQUARED2
- dunhill LONDON
- Eleanor
- Elizabeth Arden NEW YORK
- 어용감 御容鑑 한방
- geoskincare 纽 西 之 谜
- giovanni ECO CHIC HAIR CARE
- 궁중비책 GOONGBE
- GRÈS PARIS
- GUESS
- 肌っ子
- Haruhada ハルハダ
- HOLLISTER CALIFORNIA
- Huxley
- JAGUAR FRAGRANCES
- john varvatos
- KOCOSTAR HOME BEAUTY TREATMENTS
- La Colline Swiss Riviera Beauty Treatment
- LA CURE BEAUTÉ PARIS
- La Estephe SWITZERLAND
- Lolita Lempicka PARIS
- LOVE PASSPORT
- MAKHAMTHAI
- PRINCESSE MARINA DE BOURBON PARIS
- ma:nyo 魔女工場 | 마녀공장
- MEDIHEAL 美迪惠尔
- Mercedes-Benz Perfume.
- MÉTHODE JEANNE PIAUBERT PARIS
- Méthode SWISS BEAUTY CARE
- MINAM PROJECT
- NOV
- Neogence 霓淨思 LAB-DERMATOLOGICAL SKINCARE
- PARFUMS GRÈS PARIS
- 페리오 PERIOE
- PERLIER
- PERRY ELLIS
- POLICE PARFUMS
- RALPH LAUREN FRAGRANCES
- Real Barrier
- Salvatore Ferragamo
- samourai woman Champagne Rose
- sasatinnie
- SHANGPREE
- skin79
- SNP Shining Nature Purity
- Soo Beauté
- SPRINGFIELDS THE BEAUTY OF NATURE
- suiskin
- SUISSE PROGRAMME
- SWISS Rituel
- TALIKA DEPUIS 1948 PARIS
- TEAOLOGY TEA INFUSION SKINCARE
- TOUS
- TRUSSARDI
- VENUS SPA
- VICTORINOX
- VT COSMETICS

Our Strategy

Our Business Strengths

Diverse products with competitive prices

- Diversified product offerings with broad price range, fulfilling every customers' needs in beauty products
- Parallel imported products are normally sold at competitive prices compared to the official channels
- Benefitted from good relationships with sourcing team and suppliers
- Effective product strategy driven by big data analysis

本店擔保 This Store's Pledge 正貨正價 NO FAKES 2021

香港卓越服務名牌 HONG KONG PREMIER SERVICE BRAND

QUALITY TOURISM SERVICES 優質旅遊服務

Strong Brand Reputation

- Widely recognised by creditable institutions

Multi-brand Beauty Advice

- Professional beauty consultants
- Customer services extended to selected online platforms

The Advantage of Hong Kong SAR

- Authentic products
- Price advantage with no tariffs
- Broad range of products
- Fast new product roll-out

Our Business Strategies

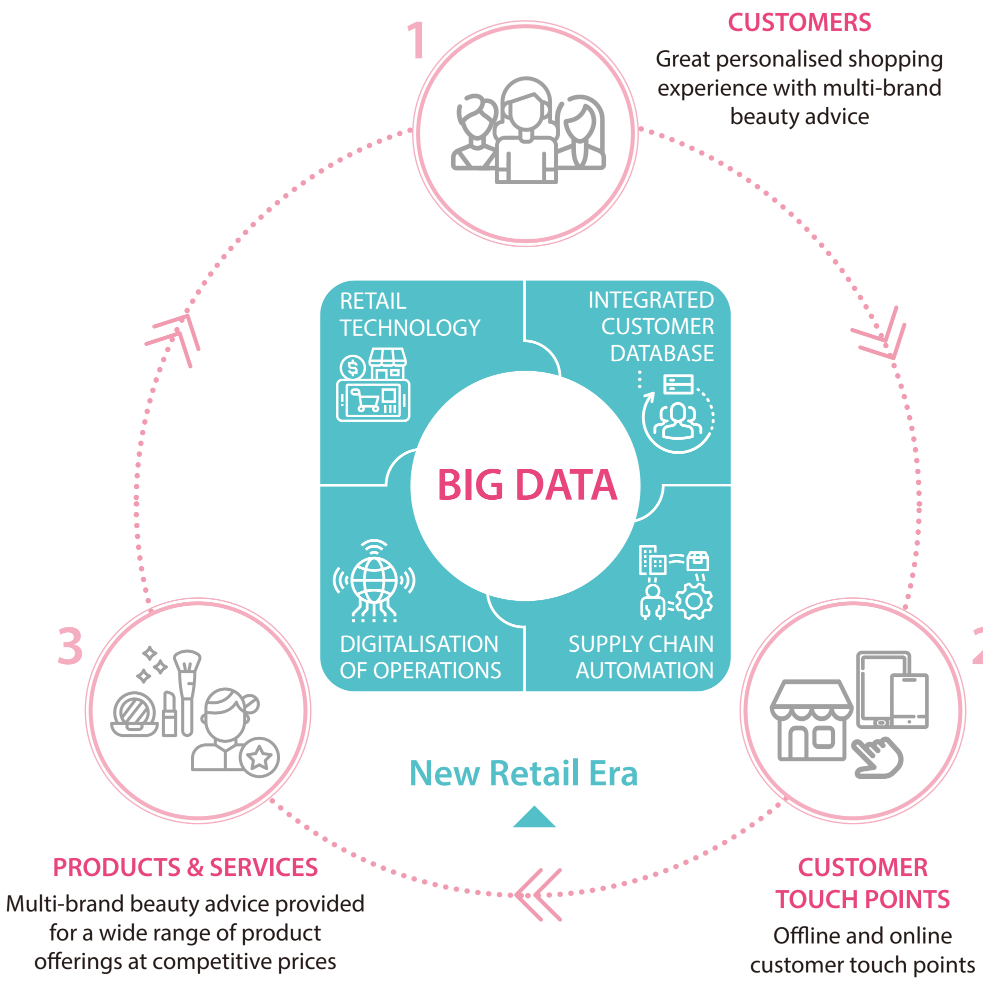
Embracing the New Retail Era

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

Aiming to understand our customers better and to meet their changing needs, we strengthen our interaction with customers via the New Retail Model, and enhance both customer satisfaction and loyalty as a result. Leveraging on the combined strength of integrating our extensive network of physical stores in Mainland China, Hong Kong and Macau SARs and our team of professional beauty consultants, we are aspired to create personalised shopping experience which can overcome traditional geographical and physical store constraints under the "customer-centric" new retail model through the use of big data, new tools and retail technology.

Meanwhile, in line with the above O2O business development, we are moving towards the directions of supply chain automation and digitisation of operations so as to enhance inventory management and operational efficiency. All these will drive us towards the goal of strengthening our leadership in the beauty product retailing industry in Asia.

Our New Retail Blueprint



Goals in the New Retail Blueprint

1 CUSTOMERS

Gain better understanding of our customers' shopping patterns via the use of big data and analytics, we strive to provide professional multi-brand beauty advice as well as creative and personalised shopping experience along with sound customer relationship management, thereby creating a seamless customer experience.

2 CUSTOMER TOUCH POINTS

Through integrating our physical stores and online business, our multiple digital and physical touchpoints will work together seamlessly, enabling us to serve our customers better with increasingly convenient shopping solutions.

3 PRODUCTS & SERVICES

Our goal is to adjust our product portfolio more strategically by responding to the needs of our customers, continuing to offer highly diversified products at highly competitive prices, and by capturing the latest trends and customer preferences.

Our technology advancement sets out to create a more personalised and seamless customer experience

INTEGRATED CUSTOMER DATABASE

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

RETAIL TECHNOLOGY

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

SUPPLY CHAIN AUTOMATION

Technology enables us to use big data to understand customer preferences swiftly, capture the latest product trends and optimise product sourcing strategy in order to improve logistics arrangement for O2O operations, thereby enhancing the inventory management and overall operational efficiency.

DIGITALISATION OF OPERATIONS

Internal work processes are being streamlined and digitalised to strengthen overall operational efficiency and speed up O2O development. This aims to provide customers with a more dedicated, convenient and personalised shopping experience.

Risks and Challenges

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

CHALLENGES IN TECHNOLOGY ENHANCEMENT

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

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

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

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

ASSOCIATED RISKS

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

- **Business process and organisational structure**
  Improvement of the company' s flexibility and adaptability equips the Group to stand out in the everchanging business environment.

See page 81-85

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.

2014

- Title sponsor for the "Sa Sa Ladies' Purse Day" for the 10th consecutive year.

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

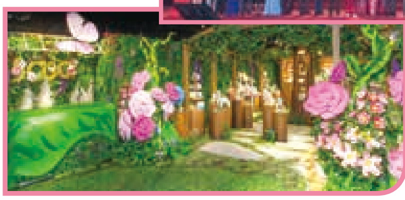
- Strategic partnership with Tencent and JD Group.
- First O2O Store opened in Shanghai.

2017

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

Our Awards and Recognitions

Corporate Governance and Management

The Group was awarded the "Overall Best IR Company" and 11 other awards in the small-cap category at the 6th "Investor Relations Awards" organised by the Hong Kong Investor Relations Association. The Group received the following awards in the small-cap category:

- Best IR Team – Dr Simon Kwok, Dr Guy Look and Ms Ming Chan
- Best IR by Chairman / CEO – Dr Simon Kwok
- Best IR by CFO – Dr Guy Look
- Best Investor Presentation Material
- My Favorite Listed Company
- Overall Best IR Company
- Grand ESG Award
- Best IR Company
- Best Investor Meeting
- Best Annual Report
- Best ESG (S)
- Best ESG (G)

Brand Recognition

Sa Sa has received the "Brand of the Year Award" for the fourth consecutive year at the "World Branding Awards 2020" by World Branding Forum. Once again, Sa Sa is the only brand selected in the category of Health and Beauty Retailer from Hong Kong for the Awards this year.

Sa Sa was awarded the "Q-Mark Elite Brand Award 2020" in the retail category (lifestyle) from Hong Kong Q-Mark Council.

Service Excellence

Sa Sa's house brand, La Colline, was awarded the "Quality Service Retailer of the Year" Gold Award, and the Category Award under the Beauty Products / Cosmetics Category by the Hong Kong Retail Management Association.

Sa Sa has garnered two awards in the "Hong Kong Retail Innovation Award 2020" organised by Hong Kong Retail Technology Industry Association:

- Adversity Award – Good Use of Technology Award 2020
- Best Retail Innovation – Industry Recognition Award

Corporate Social Responsibility

Dr Eleanor Kwok, Founder and Vice-Chairman of the Group, has been named as one of the Heroes of Philanthropy List 2020 in the Asia-Pacific region by Forbes Asia, honouring her tremendous and years-long personal contribution to a wide range of philanthropic services, including cultural, educational, elderly care, healthcare, social services and environmental protection in the community at large.

Sa Sa received the "Best in ESG – Small Market Capitalisation awards" at the BDO ESG Awards 2021 in recognition of the Group's contribution in the areas of Environmental, Social and Governance with outstanding sustainability initiatives leading to a better future.

Sa Sa was awarded the "QF Gold Star Employer" under the "Qualifications Framework (QF)" Scheme launched by the Education Bureau of HKSAR, in appreciation of our contribution to the Scheme and the active application of QF tools and supporting mechanisms in different aspects to enhance our quality of human resources, leading to the sustainable talent development.

Our Awards and Recognitions

Being awarded the Caring Company logo for 16 consecutive years, Sa Sa received the "15 Year Plus Caring Company Logo" in 2021, in recognition of its contributions in building a cohesive society.

The Group was selected as a constituent member of "Hang Seng Corporate Sustainability Benchmark Index" since 2011.

We were accredited as Manpower Developer from 2011 to 2021 by the Employees Retraining Board.

Sa Sa has been granted as one of the "Hong Kong Green Organisation", in recognition of our contributions to environmental protection and sustainable development in Hong Kong.

Sa Sa garnered the "Sustainability Prize" at the InnoESG Prize 2020, recognising the Group's tremendous effort in the aspects of Environmental, Social and Governance (ESG) contributing to a sustainable development in future.

Awards Presented to Sa Sa' s Exclusive Products

COSMOPOLITAN Best of the Best Beauty Awards 2020

Best of the Best Beauty Awards – Hydrating Mask (1st Runner-up)
La Colline Cellular Youth Hydration Mask
Best of the Best Beauty Awards – Face Oil (2nd Runner-up)
Teaology Bancha Oil
Best of the Best Beauty Awards – Overnight Mask (2nd Runner-up)
Dr.Jart+ Biome Night Therapy Mask

Ten-Year Financial Summary

Consolidated Income Statement

	< Note 2 > **2021** **HK$'000**	< Note 2 > 2020 HK$'000	2019 HK$'000 Restated	2018 HK$'000 Restated	2017 HK$'000 Restated	< Note 1> 2016 HK$'000 Restated	< Note 1> 2015 HK$'000 Restated	< Note 1> 2014 HK$'000 Restated	< Note 1> 2013 HK$'000 Restated	< Note 1> 2012 HK$'000 Restated
Turnover										
– Continuing operations	**3,043,029**	5,717,283	8,156,597	7,806,163	7,350,349	7,314,151	8,419,147	8,191,724	7,143,924	5,928,772
– Discontinued operations	**–**	253,222	232,562	424,611	395,803	477,093	532,899	539,024	509,963	467,876
	3,043,029	5,970,505	8,389,159	8,230,774	7,746,152	7,791,244	8,952,046	8,730,748	7,653,887	6,396,648
Gross profit										
– Continuing operations	**1,051,831**	2,082,465	3,316,630	3,273,230	3,054,161	3,156,691	3,821,682	3,845,400	3,328,664	2,682,968
– Discontinued operations	**–**	121,659	104,439	195,112	174,657	216,137	242,978	257,542	251,417	225,189
	1,051,831	2,204,124	3,421,069	3,468,342	3,228,818	3,372,828	4,064,660	4,102,942	3,580,081	2,908,157
Gross profit margin										
– Continuing operations	**34.6%**	36.4%	40.7%	41.9%	41.6%	43.2%	45.4%	46.9%	46.6%	45.3%
– Discontinued operations	**–**	48.0%	44.9%	46.0%	44.1%	45.3%	45.6%	47.8%	49.3%	48.1%
	34.6%	36.9%	40.8%	42.1%	41.7%	43.3%	45.4%	47.0%	46.8%	45.5%
Operating (loss)/profit										
– Continuing operations	**(391,481)**	(553,425)	561,739	563,484	435,299	489,735	1,013,245	1,126,819	984,777	817,913
– Discontinued operations	**7,922**	(40,036)	(20,296)	(38,472)	(40,006)	(28,660)	(21,457)	(13,313)	2,392	10,461
	(383,559)	(593,461)	541,443	525,012	395,293	461,075	991,788	1,113,506	987,169	828,374
(Loss)/profit for the year										
– Continuing operations	**(359,298)**	(475,082)	490,917	479,778	366,476	411,841	859,962	950,986	822,900	678,955
– Discontinued operations	**7,930**	(40,854)	(20,165)	(39,658)	(39,771)	(28,371)	(21,151)	(15,751)	2,734	10,754
	(351,368)	(515,936)	470,752	440,120	326,705	383,470	838,811	935,235	825,634	689,709
Profit margin										
– Continuing operations	**-11.8%**	–8.3%	6.0%	6.1%	5.0%	5.6%	10.2%	11.6%	11.5%	11.5%
– Discontinued operations	**–**	–16.1%	–8.7%	–9.3%	–10.0%	–5.9%	–4.0%	–2.9%	0.5%	2.3%
	-11.5%	–8.6%	5.6%	5.3%	4.2%	4.9%	9.4%	10.7%	10.8%	10.8%

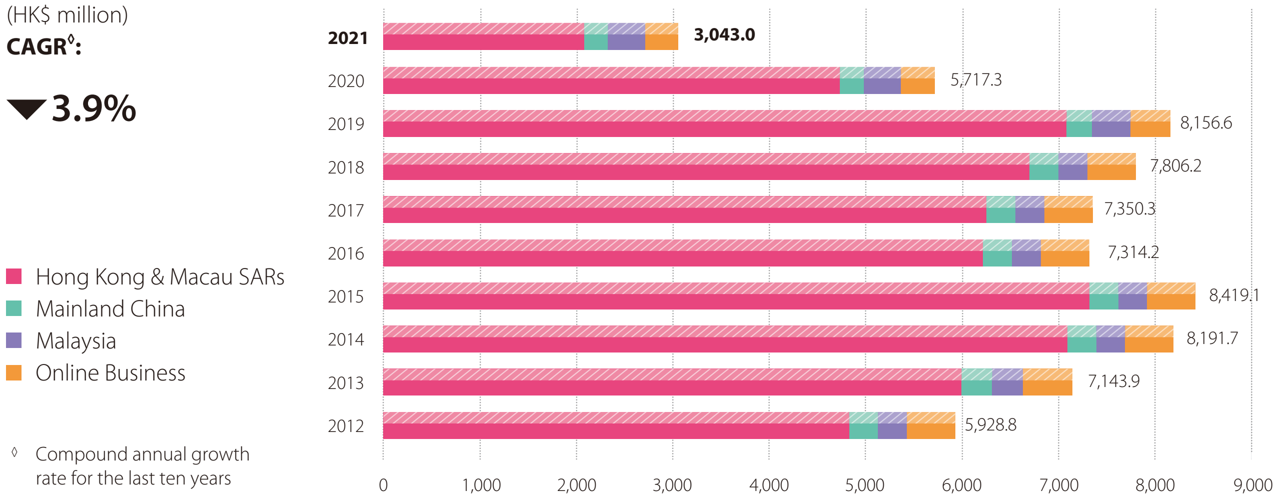
Consolidated Statement of Financial Position

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total assets	**2,510,882**	3,267,187	3,406,480	3,577,048	2,929,077	2,971,503	3,390,073	3,237,427	2,797,241	2,466,500
Total liabilities	**(1,180,739)**	(1,602,875)	(919,872)	(1,094,208)	(709,911)	(683,217)	(915,565)	(912,298)	(821,767)	(835,676)
Net assets	**1,330,143**	1,664,312	2,486,608	2,482,840	2,219,166	2,288,286	2,474,508	2,325,129	1,975,474	1,630,824
Shareholders' funds										
Share capital	**310,319**	310,319	309,560	303,885	299,444	289,213	284,468	284,306	282,691	281,467
Reserves	**1,019,824**	1,353,993	2,177,048	2,178,955	1,919,722	1,999,073	2,190,040	2,040,823	1,692,783	1,349,357
Total equity	**1,330,143**	1,664,312	2,486,608	2,482,840	2,219,166	2,288,286	2,474,508	2,325,129	1,975,474	1,630,824

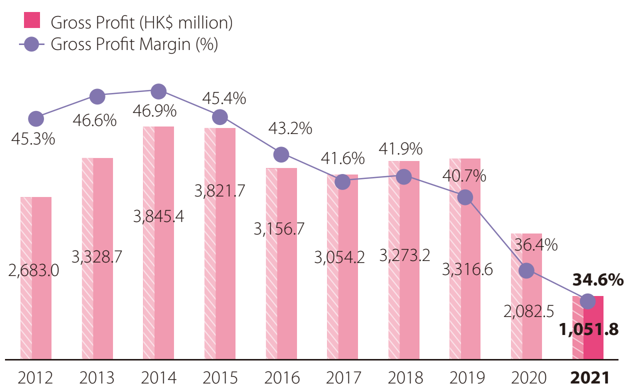
Ten-Year Financial Summary

Continuing operations

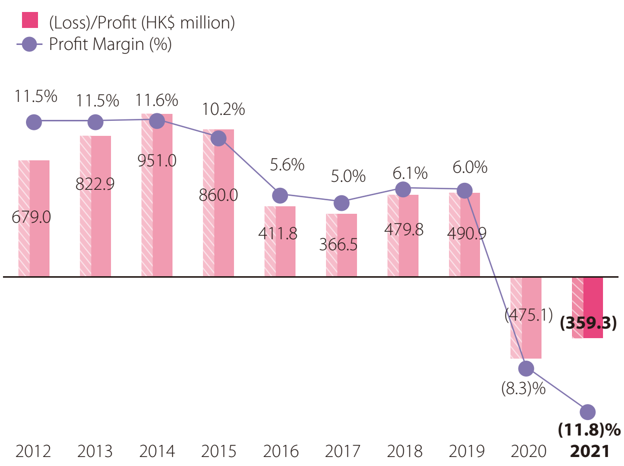
Turnover



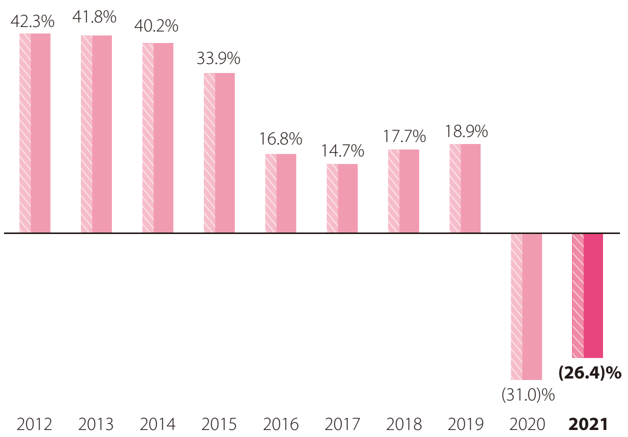
Gross Profit and Gross Profit Margin



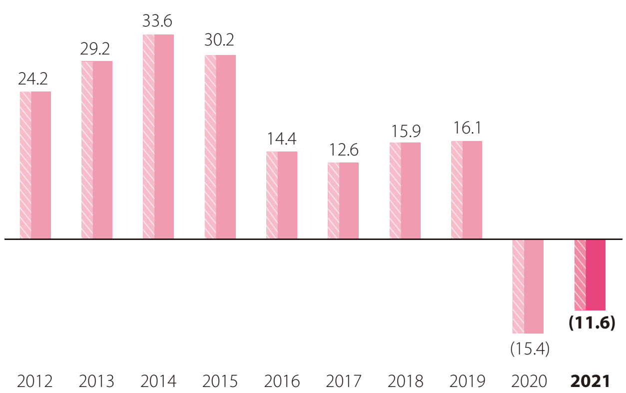
(Loss)/Profit and Profit Margin



Return on Equity
(Including discontinued operation)



Basic (Loss)/Earnings Per Share
(HK cents)



Consolidated Statement of Cash Flows

	< Note 2 > **2021** **HK$'000**	< Note 2 > 2020 HK$'000	2019 HK$'000 Restated	2018 HK$'000 Restated	2017 HK$'000 Restated	< Note 1> 2016 HK$'000 Restated	< Note 1> 2015 HK$'000 Restated	< Note 1> 2014 HK$'000 Restated	< Note 1> 2013 HK$'000 Restated	< Note 1> 2012 HK$'000 Restated
Net cash generated from operating activities (Note 3)	**548,087**	648,567	346,233	748,214	356,723	578,922	1,069,606	1,021,080	846,245	639,477

Per Share Data and Key Ratios

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Basic (loss)/earnings per share (HK cents)										
– Continuing operations	**(11.6)**	(15.4)	16.1	15.9	12.6	14.4	30.2	33.6	29.2	24.2
– Discontinued operations	**0.3**	(1.3)	(0.7)	(1.3)	(1.4)	(1.0)	(0.7)	(0.6)	0.1	0.4
	(11.3)	(16.7)	15.4	14.6	11.2	13.4	29.5	33.0	29.3	24.6
Diluted (loss)/earnings per share (HK cents)										
– Continuing operations	**(11.6)**	(15.4)	16.1	15.9	12.6	14.4	30.2	33.5	29.1	24.0
– Discontinued operations	**0.3**	(1.3)	(0.7)	(1.3)	(1.4)	(1.0)	(0.7)	(0.6)	0.1	0.4
	(11.3)	(16.7)	15.4	14.6	11.2	13.4	29.5	32.9	29.2	24.4
Return on equity	**–26.4%**	–31.0%	18.9%	17.7%	14.7%	16.8%	33.9%	40.2%	41.8%	42.3%
Dividend per share (HK cents)										
Basic	**–**	–	16.0	14.5	13.0	14.0	14.0	13.5	7.5	5.5
Special	**–**	–	–	3.0	4.0	9.5	9.5	10.0	13.5	12.0
Total	**–**	–	16.0	17.5	17.0	23.5	23.5	23.5	21.0	17.5
Dividend payout ratio	**–**	–	105.2%	120.7%	154.9%	176.1%	79.7%	71.4%	71.9%	71.4%
Dividend yield as at 31 Mar	**–**	–	6.0%	4.3%	5.6%	9.8%	6.2%	3.8%	2.8%	3.9%
Closing share price as at 31 Mar (HK$)	**1.78**	1.16	2.68	4.06	3.06	2.41	3.79	6.22	7.51	4.50
Price/Earnings (times)	**N/A**	N/A	17.4	27.8	27.4	17.9	12.8	18.8	25.7	18.3
Net assets value per share (HK$)	**0.4**	0.5	0.8	0.8	0.7	0.8	0.9	0.8	0.7	0.6
Current ratio (times)	**1.9**	1.9	3.3	3.0	3.8	3.9	3.3	3.0	2.8	2.5
Gearing ratio (defined as the ratio of total borrowings to total equity)	**–**	–	–	–	–	–	–	3.4%	–	–

Operational Data

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of retail outlets for the continuing operations	**232**	235	253	245	243	236	234	229	211	202
Total gross retail area for the continuing operations (rounding to the nearest thousand sq ft) (Note 4)	**458,000**	477,000	526,000	529,000	544,000	530,000	539,000	562,000	489,000	440,000
Stock turnover days	**140**	101	104	102	99	91	103	108	111	125
Number of employees (rounding to the nearest hundred)	**3,200**	3,700	4,700	4,800	4,900	4,900	5,000	5,000	4,800	4,300

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

"Guided by our vision towards sustainable development and business improvement plan and combined with our prudent cost control measures that optimise overall cost structure, we believe Sa Sa is poised to return to profitability."

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

Business operations and financial performance of Sa Sa International Holdings Limited for the year ended 31 March 2021 ("financial year", "year under review" or "year") continued to be affected by Novel Coronavirus pandemic ("COVID-19 pandemic" or "pandemic") and geopolitical risks.

During the financial year, annual turnover decreased by 46.8% to HK$3,043.0 million for the Group's continuing operations. Loss for the year was HK$351.4 million. Excluding the provision for impairment made in accordance with the Hong Kong Accounting Standard 36 that applied to retail store assets (including the right-of-use assets and property, plant and equipment) as well as the results from discontinued operation, the Group's loss for the year was HK$301.6 million as compared to a loss of HK$204.6 million in the previous year.

Basic loss per share amounted to 11.3 HK cents (2020: 16.7 HK cents). In view of the challenging and uncertain business environment in our operating markets, the board of directors 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 reasons of responsible risk management in the current operating environment (2020: Nil).

COVID-19 Pandemic and New Normal in Retail Industry

It has been a remarkably difficult year for the world. The COVID-19 pandemic has brought a profound impact on our daily lives, work and overall business environment. In this unprecedented crisis, I would like to express my heartfelt gratitude to all staff members of Sa Sa who have maintained their professionalism despite untold hardships, as they worked tirelessly to serve our customers, navigate through adversity with our management, and took on the social responsibility of safe guarding the health of the general public in our stores.

Sa Sa always stands with the community. We prioritise the health and safety of our employees, customers, business partners and the entire community, and pay close attention to the development of the pandemic as well as its impact to the community. We strictly follow the precautionary instructions recommended by local health authorities, and implement a host of preventive measures inside and outside our stores to ensure the safety of our employees and customers while reducing the risk of virus spreading within the community. We also promptly responded to the pressing demand for protective products and spared no efforts in sourcing products such as masks and hand sanitisers from around the world to ease the urgent needs of the society. We aspire to play a part in protecting the community while driving business growth.

The COVID-19 pandemic has also accelerated the transformation of the entire retail ecosystem, leading more customers to shop online. In response to such behavioural change, we have redoubled our efforts in expanding our online business and further integrated online and offline operations ("O2O"), with the aim to enhance customers' shopping experience and ensure sustainability of our business.

Hong Kong and Macau SARs

During the financial year, geopolitical uncertainty and the COVID-19 pandemic dealt a severe blow to the Group's core markets of Hong Kong and Macau SARs. The tourism industries of Hong Kong and Macau SARs were both brought to a standstill at one time, precipitating the tumbling of Sa Sa's sales performance.

Macau SAR brought the pandemic under control very quickly and resumed the Individual Visit Scheme for Mainland Chinese visitors from the middle of 2020. Sales contributed by Mainland Chinese visitors saw a gradual pick up benefitting from the recovery of their arrivals. Meanwhile, the Group leveraged the opportunities brought about by the Macau SAR government's consumption subsidy scheme, further driving sales of local customers. Although sales in Macau SAR saw notable improvement and started to record profits in the second half of the year, the Macau SAR business could not fully offset the loss incurred in Hong Kong SAR business.

Sales of the Group particularly in Hong Kong SAR were dominated by local customers during the year. We expanded product categories that closely address their needs and preferences including protective and personal care, to meet their huge demand. At the same time, we improved in-store product display while launching a diverse line-up of promotional activities and enhanced the use of social media and livestreaming, with an aim to drive local consumption and effectively reduce inventory.

During the year, the Group focused its efforts on accelerating its online business and integrated its online and offline operations. The launch of protective products on our Hong Kong SAR shopping website in the middle of last year was initially aimed at bringing convenience to our customers, this in turn successfully boosted the website's traffic and brought it to life. We have since also extended our O2O service to customers in Hong Kong SAR to provide them with seamless online shopping experience.

Management carried out a host of measures to mitigate against the challenging operating environment, this included short-term cost reduction arrangements and long-term cost structure optimisation initiatives. Rationalising store network was pivotal to expedite a profit turnaround.

We continued to streamline our store network during the year by closing heavily-overlapping stores in tourist districts and negotiated for temporary rental concessions for running leases and substantial rental reduction for store renewals. Actual rental expense decreased by HK$238.4 million as compared with previous year. As of 31 March 2021, total number of Sa Sa's retail stores in Hong Kong and Macau SARs was reduced to 100 from the peak of 118 two years ago. The majority of stores closed were located in tourist districts in Hong Kong SAR.

In addition, the Group further streamlined its operations by speeding up digitalisation and automation to bring down costs and enhance operational efficiency, while minimising unnecessary and non-productive expenses to improve the Group's cost structure. Our cost control measures are showing promising results with office expenses down by approximately one third as compared to that of the previous year, driving higher operational efficiency of the Group in the long term.

During the year, our top priority was to implement prudent cash management. Through conducting clearance sales and other disciplined inventory management measures, inventory was successfully lowered to a reasonable level. As at 31 March 2021, cash and bank balances of the Group stood at HK$526.4 million, which is adequate for current operating needs. The Group is increasing its revolving loan facilities as working capital reserve in light of market uncertainty. The Group has maintained a healthy financial position and these standby banking facilities remained unused during the year.

Online Business

In response to changes in consumers' shopping behaviour, the frontline and back-office staff of our traditional retail departments have recognised the importance of expediting the development of online business and given their full support to the new and changing operating mode, facilitating the process of integrating our online and offline operations. Turnover of the Group's online business reached a record high with an 80.5% year-on-year increase in the second half of the year, resulting in a profit turnaround for this business segment for the year.

After strategically closing its Mainland China shopping website last April, the Group redirected customer traffic to WeChat mini-programme which mainly serves the Mainland China market. During the pandemic, the WeChat mini-programme provides Sa Sa's beauty consultants with a platform to serve Mainland consumers who are unable to visit the physical stores in Hong Kong and Macau SARs in person. With a view to boosting the growth of its O2O business, the Group extended the O2O service to local consumers in Hong Kong SAR from the middle of 2020 with its sales growth topping the list of online platforms.

The O2O mode of operations plays a key role in Sa Sa's new retail development, and demonstrated its potential by growing at the fastest pace of all our online touchpoints. Stepping up our efforts to stride towards this new retail mode, we will ensure that our online business and physical stores will complement each other more effectively and focus on further integrating our operations, with the aim of providing customers with a more pleasant and seamless O2O shopping experience.

Third-party platforms remain the Group's major online sales channel, accounting for approximately 70% of total sales in the segment. Promising sales growth was witnessed in multiple shopping festivals such as "Double 11", "Double 12" and "Black Friday". The Group established a new partnership towards the end of the financial year with Lazada, a well-known platform in South East Asia, with the objective of further broadening our customer base and revenue sources.

Mainland China

In Mainland China, where the Chinese government implemented strict preventive and control measures at the outset of the pandemic, some of the Group's stores were temporarily closed while the stores remaining in operations were also affected to varying degrees. On a positive note, the pandemic has been under control since May 2020 and positive sales growth was registered starting from the third quarter driven by post-pandemic consumption. Although there was sporadic outbreak in some cities in the fourth quarter, overall sales and same-store sales throughout the year recorded positive growths.

During the financial year, the Group strategically expanded its store network in key regions as planned. Total number of stores increased by 13, among which seven are located in Southern China, the Group's core development region. Five of them are located in Western China region, mainly in Chongqing and Chengdu. With the office and logistics centre in Chengdu commencing operation in the financial year, the Group can benefit from effective centralised management and improved cost-effectiveness in the western cluster. To complement its rapid expansion strategies in Mainland China, the Group introduced a new personnel management system and optimised the structure of human resources and training departments.

Malaysia

The Malaysian government implemented a number of movement control orders over time under the pandemic. During the most difficult period, all of the Group's stores were required to close temporarily for nearly 100 days in total, resulting in a year-on-year decrease of 34.9% in turnover in local currency terms. The Group continued to carry out a series of cost reduction measures which successfully lowered store and office expenses by approximately 30%. Meanwhile, the Group applied wage subsidy from the government to further alleviate its cost burdens for operation as well as to reduce loss.

Outlook

A Silver Lining Emerges from the Stormy Cloud

In the short run, the economic outlook of Hong Kong SAR remains uncertain as the pandemic is still not fully under control. Inbound tourism will remain sluggish until the border with Mainland China reopens. However, it is expected that the worst of winter has passed as the vaccination programme is already in progress, albeit at a slow pace. In Macau SAR, the Group has been able to turn into a profit for the year after recovering in the second half and further improvements are anticipated with gradual increase of Mainland Chinese visitors and continued strong local consumption.

In Hong Kong and Macau SARs, we are preparing ourselves for the return of Mainland Chinese visitors, our product portfolio is changing in accordance with the changes in our customer mix and latest product trend. Meanwhile, we are currently developing our customer relationship management system to bolster customer loyalty, attract new customers and improve our business performance. Furthermore, we will continue to scrupulously manage costs and working capital, and adjust our store network to return to profitability as quickly as possible.

Aiming to achieve a sustainable business development and to diversify market risks, the Group will accelerate its development in markets beyond Hong Kong and Macau SARs, especially its online business and Mainland China market, both of which possess promising growth potential. The Group's long-term vision is to grow its businesses beyond the brick-and-mortar businesses in Hong Kong and Macau SARs from approximately 35% in the financial year to above 50%.

Mainland China is an enormous market that is diversified and fast-growing. Riding on the opportunities in the weaker rental market during the post-pandemic era, we will negotiate for more reasonable tenancy terms with landlords and progressively increasing our coverage in the market. We will focus our resources on expanding in core city clusters (especially cities in the Greater Bay Area) and strategic regions, with a view to realising local management effectiveness and cost efficiency. Given that the outlook of the Malaysian market remains uncertain due to the pandemic, the Group would focus on improvement in the performance of existing stores in the short term. We expect that business and profitability will rebound quickly when the pandemic is over.

O2O Gives Growth Impetus to Online Business

We expect that consumers will continue to make purchases online even when the pandemic eases in the future. The Group's key development strategy for the mid to long-term is to adopt the new retail model and accelerate the development of both its brick-and-mortar and online businesses and enhance the complementary aspects between them, with additional emphasis on digital marketing techniques to capitalise on the fast-growing online shopping extravaganza.

Owing to its personal service element, O2O offers more favourable product sales mix, gross margin and basket size as compared to pure online sales channels. It also generates higher profits taking into account the savings on rent and online platform fees. The ever-growing online business reduces Sa Sa's reliance on brick-and-mortar stores, improves its overall cost structure and lowers the breakeven point, thus reinforcing the Group's competitiveness and profitability in the long term.

Thanks to the collaborative efforts of frontline and back-office employees across the board, our good progress in O2O business has translated into encouraging results during the year with online business achieving a turnaround. Looking ahead, we will focus on enhancing the collaboration of Hong Kong and Macau SARs' retail teams and online team as well as business operations to unleash the potential of O2O more fully.

The Group is continuously providing training to traditional retail staff and making improvements to logistics and inventory arrangement to facilitate the pilot launch of the click-and-collect service. The membership management function of our new shopping website, will be used to centralise the management of various customer databases of our retail business in the Hong Kong and Macau SARs and our online business, with the aim to providing personalised services more effectively and raising customers' loyalty and repurchase rate.

The above-mentioned measures will better prepare us for the re-opening of border in Hong Kong SAR in time. Our beauty consultants will then be able to engage with Mainland Chinese visitors when they visit our physical stores to enhance customer experience and interaction, as well as providing them with a seamless O2O shopping experience.

Enhancement of In-store Customer Experience Adds Uniqueness to Our Physical Stores

Brick-and-mortar stores are an integral part of Sa Sa's O2O new retail model by way of elevating customer in store experience in complement to online browsing and shopping. We will deploy resources to develop customer experience zones in selected stores in Hong Kong and Macau SARs where rental costs and spaces allow. Customers can try out beauty and healthcare products in designated areas, creating an engaging shopping experience at stores.

In addition, we plan to accelerate the launch of retail technologies in our stores to further enhance the customer experience, including the roll-out of mobile checkout devices, to equip ourselves for higher transaction volume when Mainland Chinese visitors return and to enhance the operational efficiency of our stores.

Product strategy has always been one of the core competences of the Group. The Group will continue to adjust its product portfolio in response to current trends and to cater for changing customer mix and preferences, while formulating better procurement and sales strategies that would be supported by improved in-store product display, so as to stimulate consumption.

Conclusion – Aspiring to Transform for Long-term Healthy Development

The past year presented an extremely challenging time for companies across the globe. We have adopted a series of reform measures that enables Sa Sa to better cater for the current consumer shopping behaviour, thereby laying a solid foundation for our new retail business model.

I believe the worst is already behind us as the pandemic is gradually brought under control in most of our markets and the vaccination programme is already in progress albeit at a slow pace. Guided by our vision towards sustainable development and the corresponding business improvement plan and combined with our prudent cost control measures that optimise overall cost structure, Sa Sa is poised to return to profitability.

I would like to express my deepest gratitude to all Sa Sa colleagues for their unremitting efforts in the past, as well as their unwavering commitment to work in overcoming the difficulties the Group faces. I would also like to thank our business partners, customers and shareholders for their continued support. Sa Sa will continue to shoulder its social responsibility as a good corporate citizen and to give back to the community, while steadily advancing and growing under the new retail transformation with the ultimate goal of creating a seamless O2O shopping experience to our customers and bringing value to its stakeholders.

Dr KWOK Siu Ming Simon, *SBS, JP*
Chairman and Chief Executive Officer
Hong Kong, 16 June 2021

Management Discussion & Analysis

Group's Turnover*

HK$ 3,043.0 million

▼46.8%

Turnover in HK & Macau SARs

HK$ 1,999.8 million

▼57.8%

Loss before Store Impairments*

HK$ 301.6 million

LY Loss: HK$204.6 million

* For continuing operations

Consolidated Income Statement for the Year Ended 31 March 2021

	Full year		First half		Second half	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Continuing Operations						
Turnover	**3,043,029**	5,717,283	**1,286,128**	3,394,664	**1,756,901**	2,322,619
Cost of sales	**(1,991,198)**	(3,634,818)	**(867,212)**	(2,113,505)	**(1,123,986)**	(1,521,313)
Gross profit	**1,051,831**	2,082,465	**418,916**	1,281,159	**632,915**	801,306
Other income	**142,343**	64,373	**93,896**	35,191	**48,447**	29,182
Selling and distribution costs	**(1,325,402)**	(2,151,949)	**(643,535)**	(1,189,242)	**(681,867)**	(962,707)
Administrative expenses	**(208,533)**	(278,868)	**(112,309)**	(145,849)	**(96,224)**	(133,019)
Impairment of right-of-use assets and property, plant and equipment	**(57,679)**	(270,455)	**(46,130)**	(4,273)	**(11,549)**	(266,182)
Other gains – net	**5,959**	1,009	**3,118**	834	**2,841**	175
Operating loss	**(391,481)**	(553,425)	**(286,044)**	(22,180)	**(105,437)**	(531,245)
Finance income	**6,449**	17,447	**4,083**	10,083	**2,366**	7,364
Finance costs	**(16,449)**	(26,020)	**(8,957)**	(13,410)	**(7,492)**	(12,610)
Loss before income tax	**(401,481)**	(561,998)	**(290,918)**	(25,507)	**(110,563)**	(536,491)
Income tax credit/(expense)	**42,183**	86,916	**43,033**	1,718	**(850)**	85,198
Loss for the year from continuing operations	**(359,298)**	(475,082)	**(247,885)**	(23,789)	**(111,413)**	(451,293)
Profit/(loss) for the year from discontinued operation	**7,930**	(40,854)	**5,884**	(12,741)	**2,046**	(28,113)
Loss for the year attributable to owners of the Company	**(351,368)**	(515,936)	**(242,001)**	(36,530)	**(109,367)**	(479,406)

During FY2020/21 ("year under review", "year" or "financial year"), the Group's turnover decreased by 46.8% to HK$3,043.0 million for the continuing operations. Sales of retail and wholesale in Hong Kong and Macau SARs reduced by 57.8% to HK$1,999.8 million. The Group's retail outlets for the continuing operations decreased from 235 last year to 232 as of 31 March 2021.

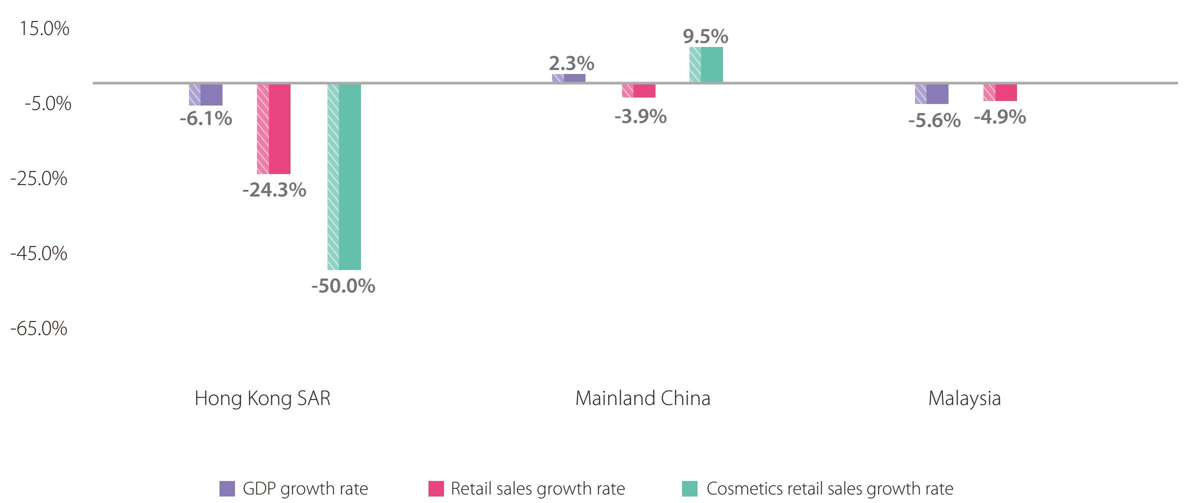
The Group incurred a loss for the year amounting to HK$351.4 million, compared to a loss of HK$515.9 million last year. Excluding the provision for impairment made in accordance with the HKAS 36 that applies to retail store assets (including right-of-use assets and property, plant and equipment) and the results from discontinued business, the Group's loss for the financial year was HK$301.6 million, as compared to a loss of HK$204.6 million last year.

Basic loss per share amounted to 11.3 HK cents (2020: 16.7 HK cents). In view of the challenging and uncertain operational environment in markets where we operate, the board does not recommend the payment of a final dividend for the financial year in accordance with the Group's policy to pay dividends out of profits and for the reason of responsible risk management under the current operating environment (2020: Nil).

The Group is included in the FTSE World Index Series, MSCI Index Series and S&P Index Series. We have been a constituent member of the Hang Seng Corporate Sustainability Benchmark Index since 2011.

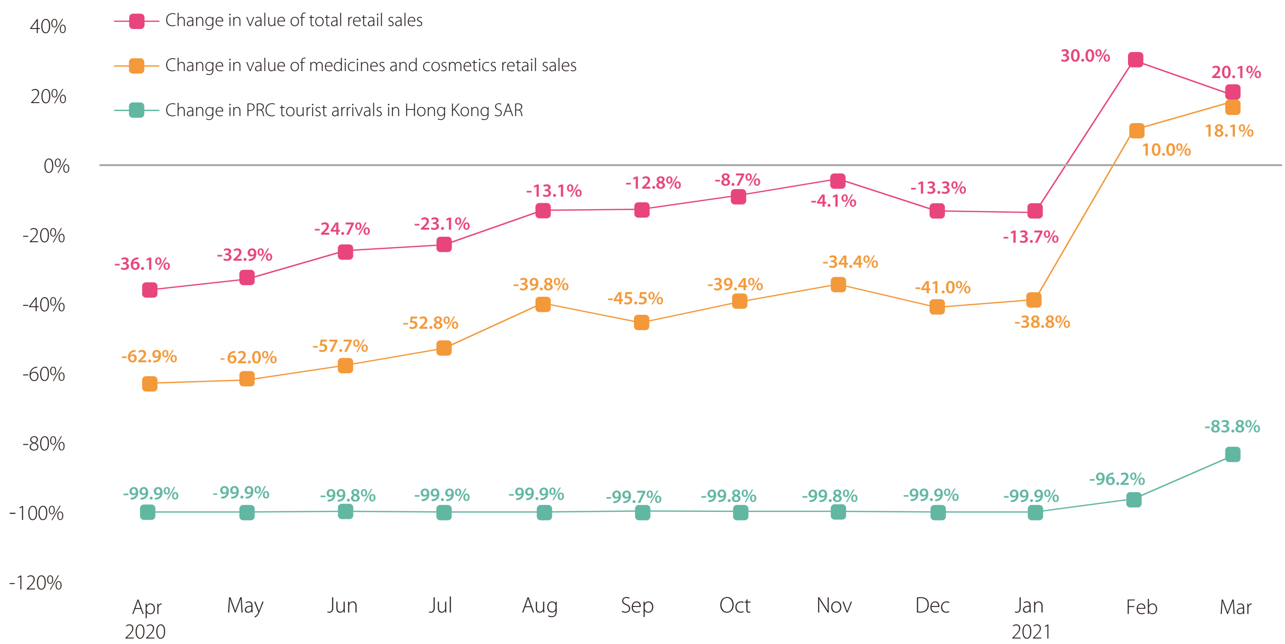
Market Overview

GDP/ Retail Sales / Cosmetics Retail Sales in 2020 (year-on-year change)



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

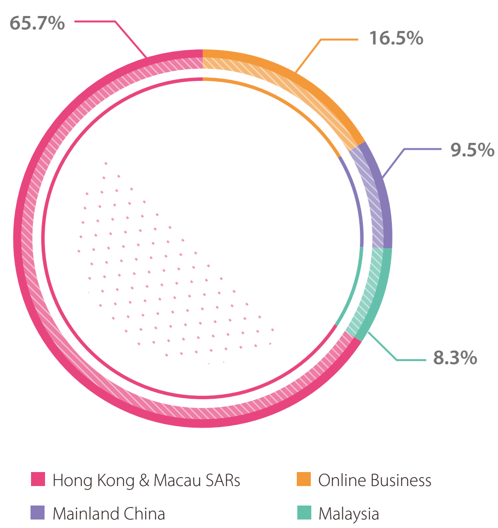
Retail Sales Performance and Mainland Tourist Arrivals in Hong Kong SAR (year-on-year change)



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

Retail and Wholesale Business

FY2020/21 Turnover Mix by Market



Store Network by Market

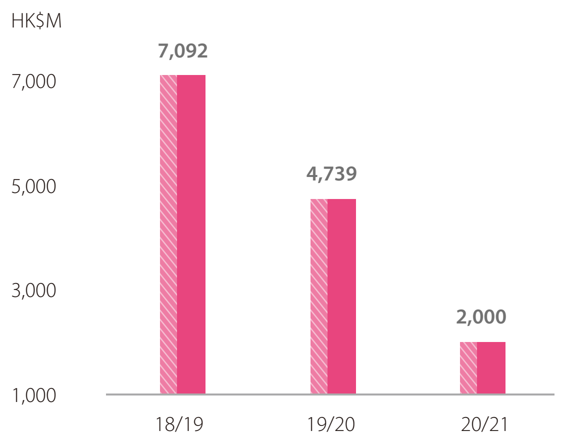
Market (Continuing operations)	As of 31 Mar 2020	Opened*	Closed*	As of 31 Mar 2021
Hong Kong & Macau SARs	112	2	14	**100**
Mainland China	44	17	4	**57**
Malaysia	79	2	6	**75**
Total	235	21	24	**232**

*Note:

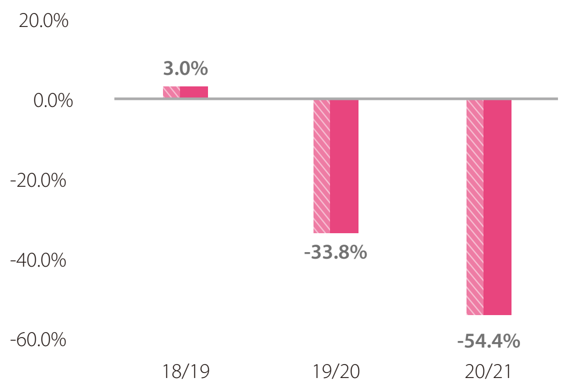
- The number of stores opened and closed within 12 months between 1 April 2020 and 31 March 2021.

Hong Kong and Macau SARs

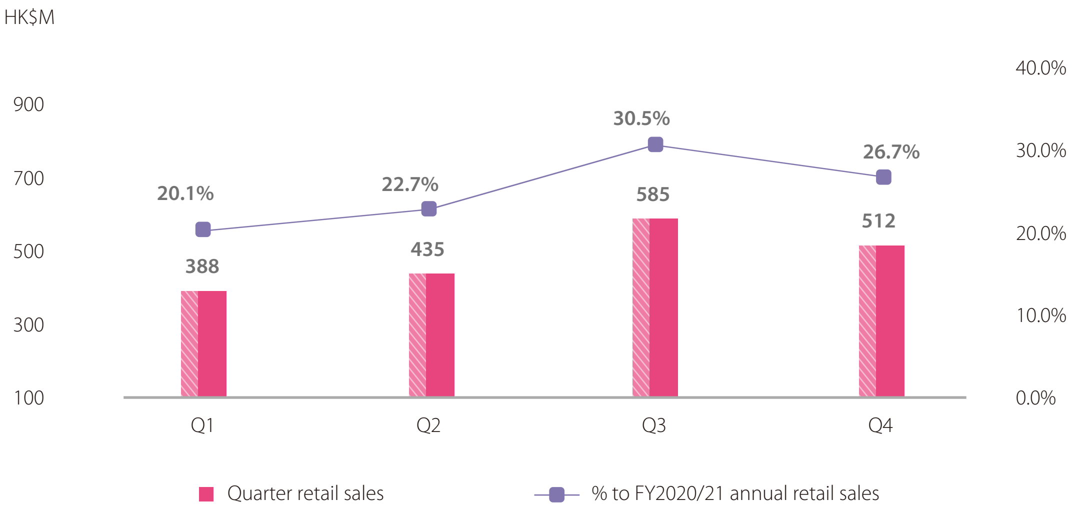
Turnover (Retail & Wholesale)



Same Store Sales Change



FY2020/21 Retail Sales by Quarter

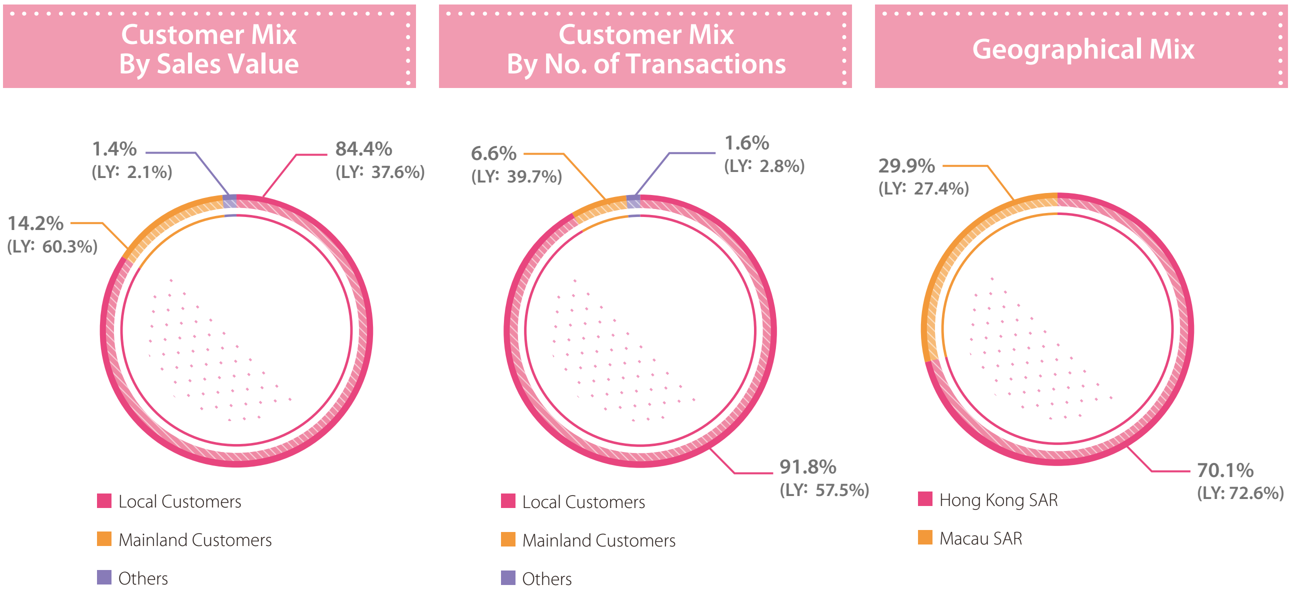


During the year under review, Novel Coronavirus Disease ("COVID-19" or "pandemic") alongside uncertain geopolitical risks dealt an unprecedented blow to the economies in Hong Kong and Macau SARs.

In order to contain the spread of the pandemic, many countries implemented stringent border control measures during the year. Data from the Hong Kong Tourism Board showed that the cumulative number of visitors from Mainland China plummeted to nearly zero in 2020, severely hindering the sales of the Group contributed by Mainland Chinese visitors. Several stores of the Group that were temporarily closed for at least 14 days when diagnosed cases of frontline staff were found also affected operations and sales. Meanwhile, local customers dominating the Group's sales during the year was affected by various levels of gathering bans and social distancing initiatives imposed by the Hong Kong SAR government. The market downturn amidst the pandemic led to high underemployment and unemployment rates, leading residents to become more prudent in spending due to growing concerns about job security and economic prospects. Consequently, consumption sentiment remained sluggish despite cash subsidies provided by the government in the middle of 2020.

In Macau SAR, subsequent to the suspension of the Individual Visit Scheme for Mainland Chinese visitors in January 2020, quarantine measures for inbound travellers were tightened in late March, resulting in near-zero tourist arrivals to the city in the first half of the year. That battered the Macau SAR market where tourists used to heavily dominate sales. With the pandemic gradually being brought under control, Macau SAR resumed the Individual Visit Scheme for Mainland Chinese visitors in mid-August 2020, and extended the scheme to the entire Mainland China at the end of September. With consistent increase of Mainland Chinese visitors, sales of the Group from these customers saw a gradual recovery thereafter with the year-on-year decline narrowing down in the second half of the year. Moreover, Macau SAR government successively launched two phases of consumer subsidy scheme, the Group leveraged on these opportunities to further drive sales of local customers. As a result, the proportion of sales from Macau SAR out of the total in Hong Kong and Macau SARs increased from 12.6% in the first quarter to 37.1% in the fourth quarter. The Group expects that the trend is likely to continue until Hong Kong SAR re-opens its border as tourist arrivals from Mainland China continue to pick up in Macau SAR.

Sales Mix (FY2020/21 Retail Sales)



Overall, same-store sales in Hong Kong and Macau SARs declined by 54.4% year-on-year in the financial year, while retail sales witnessed decreases of 58.1% and 72.6% as compared to FY2019/20 and FY2018/19 respectively. The decrease in sales narrowed notably following the re-opening of border in Macau SAR, coupled with the low base effect in the fourth quarter, the decline in sales in Hong Kong and Macau SARs narrowed from 70.8% in the first half of the year to 38.0% in the second half. When compared with FY2018/19, sales recorded a decrease of 68.8% in the second half of the year, demonstrating improvement from the 76.4% decline in the first half of the year.

Retail stores in Macau SAR started to record profits from the second half of the year and turned the whole year into profits while Hong Kong SAR's retail stores remained loss making. For the combined Hong Kong and Macau SARs markets, despite government subsidies received in the first half of the year exceeded that of the second half, losses in the second half of the year were lowered by 52.1% (or HK$124.3 million) compared to that in the first half of the year. This market incurred a loss of HK$352.9 million for the year under review, compared to a loss of HK$413.6 million last year. Excluding the provision for impairment made in accordance with the HKAS 36 that applied to retail store assets (including right-of-use assets and property, plant and equipment), the Group recorded a loss of HK$296.5 million in this market compared to a loss of HK$148.2 million last year.

Following the launch of COVID-19 vaccination programme, we hope that the worst of the pandemic is behind us. However, Hong Kong SAR's operating environment will remain uncertain until the border re-opens, and local consumption sentiment will continue to be affected by the pandemic. The Group is determined to manage costs and optimise cost structure, in order to expedite a profit turnaround and enhance its long-term profitability.

Rationalising Store Network to Streamline Cost Structure

The substantial decline in tourist arrivals brought a drastic impact to the retail stores in tourist areas. The Group continued to streamline its store network and close heavily-overlapping stores in tourist districts based on the premise of retaining its customers while lowering rental and other costs of physical retail stores. As of 31 March 2021, total number of Sa Sa's retail stores in Hong Kong and Macau SARs was reduced from the peak of 118 two years ago to 100, with a net decrease of 12 as compared to previous year. All closed stores were located in Hong Kong SAR, among which over 80% were located in tourist districts such as Tsim Sha Tsui, Causeway Bay and Mong Kok, etc.

For the stores remaining in operation, the Group negotiated for temporary rental concessions and rental reduction upon renewals, in an effort to cut rental costs in accordance with the respective stores' sales performance and business demand in the districts. Together with store closures, total savings from actual rental expenses amounted to HK$238.4 million in the year as compared to previous year. In addition to rental costs, store closures also reduce other store expenses including staff costs, as well as water and electricity bills.

There will be 38 retail leases expiring in the financial year ending 31 March 2022 in Hong Kong SAR. Given that landlords have pushed back from offering temporary rental relief, the Group will focus on rationalising its store network and reducing store expenses to pursue its long-term goal of optimising cost structure. It is expected to close 15 to 20 stores throughout the year.

In view of the increasing pace of consumer traffic moving towards online platforms, the Group has re-doubled its efforts to expand its online business and further integrate online to offline ("O2O") operations (For details, please read the Online Business section), to serve customers who now turn to shop online. The Group actively reduced its reliance on brick-and-mortar stores by adopting O2O operating model, thereby lowering fixed overheads and overall operating costs, and arriving at a more flexible cost structure. Such approach helps lower the breakeven point of Hong Kong and Macau SARs' businesses, so that Sa Sa can promptly return to profitability.

Retaining Working Capital

The Group has implemented strict inventory and cost management policies to cater for operating needs and future development. The inventory level and shelf-lives of products are reviewed in a timely manner. During the year, we conducted clearance sales accordingly in the first half of the year to cater for excessive inventory. As we resumed replenishment in the third quarter, a stringent inventory control was still in place. As of 31 March 2021, the Group's inventory was HK$766.1 million, representing a decrease of HK$239.8 million from last year.

In response to the unprecedented influence of the pandemic, the Group applied for the Hong Kong SAR government's "Employment Support Scheme" during the year to alleviate the burden of labour costs. The Group received subsidies of a total of HK$112.4 million and used them entirely for paying wages. In addition, the Group executed a host of cost control measures, including salary reduction, furlough, as well as encouraging staff to clear outstanding leaves. Furthermore, the Group sped up digitalisation and automation to optimise operational process to further reduce operating costs and enhance operational efficiency. Unnecessary and non-productive expenses were also cut, allowing us to reduce office expenses by approximately one-third as compared to previous year.

As of 31 March 2021, the cash and bank balances stood at HK$526.4 million, a reduction of HK$115.1 million as compared to previous year. This is adequate for the current operating needs of the Group. The Group is increasing its revolving loan facilities as working capital reserve in light of market uncertainty. Such facilities remained unused as of 31 March 2021.

Catering to Market Driven by Local Customers

During the year, the Group adapted to the evolving trend of local customers and expanded product categories that address their needs and preferences, such as protective products as well as personal care. The Group also improved the in-store product display to impress local customers, with the aim to drive sales and effectively enhance customer loyalty.

In order to further attract local customers, stimulate consumption and effectively reduce inventory, the Group launched a wide variety of promotional activities, such as VIP offers, clearance sales, collaboration with payment solution providers and local credit card companies, and strengthened promotions through social media. The promotions, however, put pressure on our gross profit margin, which dropped to 29.6% in the first half of the year.

The Group ceased aggressive price reduction after the inventory has reached a reasonable level since the end of September. Gross profit margin gradually recovered to 34.9% in the fourth quarter. Nevertheless, it could not completely cancel out the impact of clearance sales that took place in the first half of the year. The Group recorded a gross profit margin of 32.5% in the year, compared to 35.4% in previous year.

Online business

Turnover of the Group's online business in the financial year reached a record high of HK$501.3 million, representing increases of 45.4% and 27.9% as compared to FY2019/20 and FY2018/19, respectively. Its contribution to the Group's total turnover for the continuing operations jumped from 6.0% last year to 16.5%.

With sales from its third-party platforms and O2O business showing year-on-year growth, the Group's online business achieved a profit in the second half of the year, outweighing the loss in the first half of the year and resulting in a turnaround for the whole year. The pandemic has driven more online consumption across the globe, including that of local consumers in Hong Kong SAR. The Group will invest more resources in expanding online business and take full advantage of our physical stores through accelerating the collaboration of online platforms and offline store network, with a view to providing customers with seamless O2O shopping experience in the future.

Sales of online business in the second half of the year increased by 80.5% year-on-year, and grew 52.6% as compared to the same period of FY2018/19. Such growth was powered by third-party platforms in Mainland China and was much higher than the 9.5% year-on-year growth in the first half of the year. Driven by shopping festivals such as "Double 11", "Double 12" and "Black Friday" in the second half of the year, sales in third-party platforms in the third quarter increased by 63.8% year-on-year. For the fourth quarter, with the low base resulting from the disruption of delivery caused by the pandemic last year, a substantial year-on-year increase of 116.5% was witnessed. In addition, the Group deepened its collaboration with Shopee and established a collaborative partnership with Lazada at the end of the financial year. By partnering with these well-known e-commerce platforms in Southeast Asia, the Group is able to broaden its customer base and revenue source. Sales contribution from third-party platforms for the year was approximately 71.2%.

The accelerated growth in the second half of the year was also attributable to the O2O business launched in the second half of 2019. While the Group's WeChat mini-programme was drawing more sales in Mainland China, the Group extended its O2O business to customers in Hong Kong SAR at the end of May last year, driving sales of O2O business in the second half of the year to jump by close to 14 times year-on-year. Turnover contribution from O2O business to the overall online business increased from 1.8% last year to 18.4%.

In response to changes in consumers' online shopping behaviour, the Group strategically closed its own shopping website that served Mainland Chinese consumers last April, redirecting these customers to the WeChat mini-programme. In May last year, the Group launched protective products on its Hong Kong SAR website and successfully boosted website traffic, increasing sales of Hong Kong SAR website by nearly five times year-on-year. Overall, sales of the Group's own channel fell by 47.1% year-on-year, and turnover contribution from own channel decreased from 28.6% last year to 10.4%.

Mainland China

During the financial year, turnover of the Group's Mainland China business increased by 15.9% in local currency terms to HK$289.9 million, while same store sales increased by 5.4% in local currency terms. As of 31 March 2021, total number of stores operated by the Group in Mainland China was 57, representing a net increase of 13 year-on-year.

The pandemic has been well managed in Mainland China as compared to the rest of the world. Although some stores were temporarily closed or otherwise affected by the sporadic outbreak in several cities, the consumption in the post-pandemic era fuelled the Group's positive growth in the third quarter and supported the Group's process of opening new stores. Retail sales in the second half of the year increased by 46.4% year-on-year, and increased by 12.4% as compared to the same period of FY2018/19.

Following the successful restructuring of the Group's product procurement team in Mainland China, the product portfolio becomes more competitive. Average basket size in the financial year increased by 8.0% year-on-year. The Group introduced a new personnel management system and optimised the structure of human resources and training teams to further enhance management efficiency and strengthen the service and sales capabilities of frontline employees, aligning with its strategy of rapid development in Mainland China.

Building on the established foundation of the management team, the Group grasped the opportunities to speed up new store openings. During the year, the Group opened 17 new stores, among which seven are located in Southern China, the Group's core development region. Five of the new stores are located in Western China, mainly in Chongqing and Chengdu. In addition, the office and logistics centre in Chengdu commenced operation in the financial year to support the Group's business development in Western China. By strategically concentrating resources on opening new stores in key city clusters, the Group benefits from effective centralised management, higher store cost effectiveness and operational efficiency, resulting in a narrowed loss of HK$12.7 million during the year.

Malaysia

The Group's turnover from the Malaysian market decreased by 34.9% year-on-year in local currency terms to HK$252.0 million, while same store sales in local currency terms decreased by 29.4%. As of 31 March 2021, the Group operated 75 stores, as compared to 79 stores last year.

In response to the COVID-19 outbreak, the Malaysian government has implemented a number of different movement control orders over time, starting from March last year. Being classified as non-essential business, all our stores were required to close temporarily during the most difficult period. During the year, the Group's stores were temporarily closed for nearly 100 days in total.

In face of the unprecedented challenges, the Group continued to carry out a series of cost reduction measures, including seeking rental reduction, adjusting manpower and postponing shop decoration, achieving reduction of store and office expenses by around 30% year-on-year. The Group received a subsidy of RM1.1 million (approximately HK$2.0 million) from the Malaysian government, which further alleviated our cost burdens for operation. To avoid over-stocking, clearance sales were introduced and successfully lowered the inventory level by 18.3% year-on-year.

To address the pressing local demand for protective and personal care products during the pandemic outbreak, the Group strategically switched its focus to popular product categories including food, healthcare and sanitising products. During the year, the Group offered various shopping discounts and collaborated with different third parties such as shopping malls, telecom companies and banks to boost foot traffic and sales. As more citizens are shifting towards online shopping under the pandemic, the Group launched an online home delivery service in March last year and collaborated with seven online platforms during the year, allowing customers across Malaysia to purchase Sa Sa's beauty products while staying home.

Outlook and Strategies

Management believes that online business will continue to gain prominence after the pandemic subsides as consumers' adoption of online shopping has been hastened significantly. The Group strives to accelerate the development of both its brick-and-mortar and online businesses with additional emphasis on digital marketing techniques and enhance the complementary aspects between them, to provide customers with seamless O2O customer experience to capitalise on the unrelenting and fast-growing online shopping extravaganza.

In FY2021/22, the Hong Kong SAR market will continue to face great uncertainties, with its prospects highly dependent on the successful management of COVID-19 locally and the timing of the re-opening of the border with Mainland China. The high rental cost of the running retail leases in tourist areas means that it is unlikely that the Group can realise a fiscal balance during the year. Fortunately, the Group expects that the Macau SAR business will continue to improve and increase its profit growth after turning profitable in the second half of the year under review. Our online business has made significant progress, and is expected to further improve on its positive profit contributions. The Mainland China market is anticipated to gradually increase in profitability during its current active development stage. As regards the Malaysian market, the business is expected to rebound quickly and achieve a breakeven once the pandemic is over.

Setting its sights on achieving a more diversified and sustainable business and capitalise on market opportunities, the Group will expedite its market development beyond Hong Kong and Macau SARs, especially the online business and Mainland China market, which both possess promising growth potential. The Group's long-term vision is to grow businesses beyond the brick-and-mortar businesses in Hong Kong and Macau SARs from approximately 35% in the financial year to above 50%.

Hong Kong & Macau SARs

In Macau SAR, tourist arrivals from Mainland China have been picking up gradually since the re-opening of border for Mainland Chinese visitors last September. According to the Macao Government Tourism Office, the city strives to attract more Mainland Chinese visitors given the easing of the pandemic in Mainland China and the roll-out of vaccination. The Macau SAR government has also brought forward a new phase of local consumption stimulation scheme, which includes distribution of consumption e-vouchers, in the hope of stimulating further economic pick-up and stabilising the local employment, thus creating a favourable business environment for the recovery of the retail sector.

Although the COVID-19 vaccination plan has already started in Hong Kong SAR in February this year, the pandemic is still not fully under control. As a result, the inbound tourism industry has continued to experience a complete cessation of activities. The Hong Kong SAR government predicts that the inbound tourism industry will remain sluggish in the short term. Assuming that the vaccination programme achieves its intended results, local economic activities will steadily recover in the second half of 2021. While uncertainties surrounding the pandemic outbreak will dictate how fast the economy can recover, and the erratic US-China relations and rising geopolitical tensions also needs a watchful eye, the worst of winter has, hopefully, passed.

To revive local consumption and support local businesses amid current adversities, the Hong Kong SAR government has announced the launch of the consumption voucher scheme. Sa Sa expects that the voucher scheme will repeat the success of the similar programme in Macau SAR, and will invigorate local consumption, thus helping to stabilise the economy and employment.

The management anticipates that the Hong Kong SAR business will continue to be driven by local customers in the short term. Meanwhile, the Group will prepare and position itself for the opportunities brought by the return of Mainland Chinese visitors. In adapting to changes in the customer base and latest product trend, the Group will adjust its product mix in a timely manner, while bolstering the loyalty of our customers by utilising its customer relationship management systems currently under development, thus improving Sa Sa's business performance.

The Group will also actively accelerate the development of its online business, which can broaden its customer base, reduce operating risks and allow greater flexibility for operations. The O2O business model has the added advantage of saving expensive rents for physical stores; its fees and operating costs are also generally lower than that of e-commerce platforms while offering the advantage of direct customer contact.

Growing share of sales from online platforms can help the Group reduce its reliance on brick-and-mortar stores. Through persistently adjusting and rationalising the store network, in particular the stores located in Hong Kong SAR's tourist districts that have endured substantial losses, the Group could improve its overall cost structure and lower the breakeven point for the traditional retail business, thus reinforcing its competitiveness and profitability in the long term.

The role of offline physical stores will change in the new retail era. Instead of being merely traditional points of sales, physical stores will also play a pivotal role in improving customer experience in Sa Sa's O2O operating model by complementing the online business. Currently, the decline in rents creates favourable conditions for Sa Sa to improve customer experience at store level. At similar or lower costs, Sa Sa can develop customer experience zones in designated physical stores, where customers can try out beauty and healthcare products, and enjoy more personal services and exclusive in-store experience. By extending the time customers spend in store, the Group would be able to effectively boost sales by stimulating consumption inclination. The Group is currently deploying pilot stores in Hong Kong and Macau SARs, which are expected to be opened in FY2021/22.

Looking ahead, the Group plans to enhance customer experience by pushing forward retail technologies in its stores. That includes the roll-out of mobile checkout devices, which allows frontline staff to complete the checkout process anywhere and anytime at stores, freeing customers from hassles of waiting at specific checkout counters. If the trial succeeds, the Group will explore the possibility of replacing the specific checkout counters by customer experience or introducing product display zones in certain stores. It will add value to the space and reduce the proportion and related costs of non-sales staff in stores. The checkout devices are expected to enhance the stores' operating efficiency and empower our operations in Hong Kong and Macau SARs to better serve customers including Mainland Chinese visitors when they return.

Human capital is vital to the Group's sustainable development and plays an important role in business transformation. In order to support the Group's social commerce and O2O business expansion, the Group will double its efforts in training frontline and back-office employees of our traditional retail team, in aspects like social media livestreaming, online interaction with customers, and so on. Commission and reward system will also be improved to enhance the employees' performance and productivity, so as to keep pace with Sa Sa's O2O development.

Online Business

We expect that consumers' online shopping behaviour will persist beyond the pandemic and this structural change tends to be irreversible.

Sa Sa has made good progress in its O2O business during the year, thanks to the collaborative efforts of frontline and back-office employees across the board. For customers, this has meant better shopping experience and for Sa Sa, the O2O business offers more favourable gross margin and basket size due to the added personal service element when compared to customers' unassisted online browsing. It also saves the Group rent and online platform fees. All these mean a more attractive profit margin for the O2O business, an area that the Group will wish to develop to its fullest potential.

The Group will work to further realise the complementary effects of combining advantages of online business and physical stores to improve both customer experience and the Group's profitability. Further integration of online and offline operations, improvements in inventory and logistic arrangements will all help to provide a seamless O2O customer experience. Our revamped shopping website in Hong Kong SAR which was launched this January enables Sa Sa's frontline staff to engage with customers for offering personalised services, whilst providing click-and-collect service offers customers with more flexibility and convenience. The Group plans to centralise and consolidate online and offline customer databases in the Hong Kong and Macau SARs utilising the membership management function of our new shopping website, enabling the Group to provide personal services more effectively, and with the aim of raising customers' loyalty and repurchase rate.

Our beauty consultants will be able to engage Mainland Chinese visitors when they visit our physical stores upon the re-opening of border at Hong Kong SAR, and by doing so, allowing us to quicken the growth of the online customer base of our O2O business. The Group seeks to get prepared to attract this batch of Mainland Chinese visitors as we speed up our development of the new retail model.

Third-party platforms have their own healthy and fast-growing ecosystems and currently account for the highest proportion of our online sales. Sa Sa will continue to leverage on the popularity and customer base of e-commerce platforms, collaborating with existing ones and entering new ones to gain extra market exposure and broaden our customer base.

Mainland China

Mainland China is an enormous market which is diversified and fast-growing. Further growth in domestic demand is expected riding on accelerated recovery of market activities as the pandemic remains under control and the economy continues to manifest its tremendous potential. According to the "Report of Market Prospect and Investment Analysis on China Cosmetics Industry (2021)" of The Chinese Academy of Industry Economy Research, the cosmetics industry is in a phase of rapid growth. It is estimated that the market size of cosmetics industry in Mainland China will exceed RMB800 billion in 2024, with a compound annual growth rate of about 11.6% from 2019 to 2024.

Sa Sa will continue to improve internal management and product procurement to capitalise on the opportunities in Mainland China. Meanwhile, we will also take the opportunity of a weaker rental market to negotiate for more reasonable rent in the post-pandemic era, thereby progressively increasing our coverage in Mainland China. The Group will focus its resources on expanding in core city clusters (especially cities in the Greater Bay Area) and strategic regions with the aim to realise local management effectiveness and efficiency in these key clusters. The Group will also target to develop O2O integration in Mainland China, optimising our mapping of online and offline businesses through adopting a dual-track model, thus maximising our coverage in Mainland China as well as serving our customers with seamless shopping convenience.

Our persistent business expansion will deepen our collaboration with local suppliers which is also conducive to enlisting cooperation with new suppliers. The Group will focus on accommodating customer demand by tracking the latest market trends and improve the attractiveness and competitiveness of our products. This will lay a solid foundation for the overall growth in sales and profitability.

Malaysia

Considering that the pandemic is yet to be over, uncertainties continue to curtain the retail industry. The Group remains prudent in store opening in the near term, and will focus on improving store efficiency by optimising its existing store network. In the short term, since it takes time for the shop traffic to return to the normal level, the Group will focus resources on boosting basket sizes, including offering discounts in collaboration other third parties in order to stimulate sales. The Group will closely monitor the market trend and customer preferences, so as to introduce new popular items and adjust product mix in a timely manner, thus attracting customer traffic and boosting sales.

In response to the evolving market trend, the Group will further develop its online platform and enhance its delivery services, so that customers can shop from home. Also, the Group will continuously carry out digital marketing on platforms that have proved to be effective, and actively launch new promotions on social media, in order to attract our target customer base which is young and possesses greater potential in terms of consumption.

FY2021/22 Q1 Operational Sales Data (Continuing Operations)

For the first quarter from 1 April to 9 June 2021, the Group's retail and wholesale turnover increased by 55.1% compared to the same period of last year. The year-on-year changes of retail sales and same store sales are shown in the table below.

In local currencies	**YoY Change (%)**	
	Retail Sales	**Same Store Sales**
HK & Macau SARs	53.5%	56.3%
Mainland China	30.7%	6.7%
• *Excluding CRM impact*	*40.1%*	*13.9%*
Malaysia	3.5%	Not applicable
Online business	131.2%	–
Group Turnover	55.1%	–

Human Resources

As at 31 March 2021, the Group had closed to 3,200 employees. The Group's staff costs for the year under review were HK$646.0 million. Details on our human resources programs, 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 2021.

Financial Review

Capital Resources and Liquidity

As at 31 March 2021, the Group's total equity funds amounted to HK$1,330.1 million including reserves of HK$1,019.8 million. The Group continued to maintain a strong financial position with cash and bank balances of HK$526.4 million. The Group's working capital amounted to HK$731.6 million. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and readily available banking facilities and considering the potential impact of COVID-19 outbreak on the Group's operation, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the balance sheet date.

During the year, the majority of the Group's cash and bank balances were in Hong Kong dollar, Malaysian Ringgit, Macau Pataca, Renminbi, US dollar and Swiss Franc 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 2021 were HK$1,330.1 million, representing a 20.1% decrease over the funds employed of HK$1,664.3 million as at 31 March 2020.

The gearing ratio, defined as the ratio of total borrowings to total equity, was zero as at 31 March 2021 and 2020.

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 with no borrowings during the year. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong dollar, US dollar, Euro or Renminbi. 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 2021, no asset of the Group was under charge to any financial institution.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2021.

Capital Commitments

As at 31 March 2021, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$13.6 million.

Conclusion

COVID-19 has brought about untold human disaster and unprecedented medical, social and business challenges to the world, Sa Sa is no exception and has been under tremendous pressure. With rapid adaptation becoming the new normal in the industry, the Group adopts various reform measures, with a view to enhancing its business to better cater for consumers' current shopping behaviour. The Group also continues to exercise stringent cost control and strives to establish a leaner cost structure in the long term to increase profitability, while reducing losses in the short term.

Online business has become the new focus of retail industry as consumers continue to shift to online shopping. The Group is dedicated to expediting its development in the new retail landscape by investing more resources in online business and accelerating the integration of O2O operations, thereby creating seamless O2O shopping experience for our customers and effectively improving Sa Sa's overall O2O business effectiveness.

The Group will keep abreast of the evolving market trend and extensively analyse market demand, while unceasingly strengthening its brand and adjusting product portfolio. The Group will also proactively propel businesses beyond its core markets in Hong Kong and Macau SARs and promote the online business, thus diversifying and expanding the Group's revenue portfolio and customer base.

The road to recovery for the retail industry is expected to be bumpy ahead. As a leading beauty product retailing group in Asia, Sa Sa will continue to capitalise on its solid business foundation, excellent products and flexible business strategies. Through relentlessly implementing strategic reform plans and responding to market changes quickly and flexibly, the management believes that Sa Sa will be able to navigate through adversity, creating long-term value to its stakeholders.

Biographical Information of Directors and Senior Management

"I would like to express my deepest gratitude to all Sa Sa colleagues for their unremitting efforts in the past, as well as unwavering commitment to work in overcoming the difficulties the Group faces."

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 43 years, Dr Kwok has played a leading role in transforming Sa Sa into a leading beauty product retailing group in Asia. Dr Kwok is currently a member of the Electoral Conference for Electing Deputies of the Hong Kong Special Administrative Region to the 13th National People's Congress, a member of the Election Committee in the Wholesale and Retail subsector, 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). He is also an elected member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong.

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 fifth consecutive years from 2016 to 2020 and was selected for the "CAPITAL Leaders of Excellence 2014" by CAPITAL Magazine in 2015. In 2014, he received the "Global Outstanding Chinese Award" from the "Global Outstanding Chinese Association" and was selected for the "Who's Who Leadership Award Scheme" by the Asian College of Knowledge Management. In 2012, he received the "China Cosmetic Retail Industry Special Contribution Award" from the Circulation Industry Promotion Centre of Chinese Ministry of Commerce and the China Beauty Expo Organising Committee. Dr Kwok was an awardee in "The Directors of the Year Awards 2011" in the Listed Companies (SEHK – Non Hang Seng Index Constituents) category organised by the Hong Kong Institute of Directors, a winner of the "Owner-Operator Award" at the DHL/SCMP Hong Kong Business Awards 2007 and a winner in the Retail Category in the "Ernst & Young Entrepreneur of the Year Awards China 2006". Dr Kwok was elected University Fellow by The Hong Kong Polytechnic University in 2012, received the degree of Doctor of Business Administration *honoris causa* from the Open University of Hong Kong in 2011, and an *honoris causa* doctorate degree in Business Administration from Lingnan University in 2008.

Dr Kwok is an active participant in the work of charities. He is the First Vice-president (2014 – 2015 and 2020 – 2021) of the Community Chest of Hong Kong as well as Executive Committee Chairman (2014 – 2015 and 2020 – 2021), a member of the Board of Directors (2009 – 2015 and 2016 – 2022) and Vice Patron (since 2015). Dr Kwok is also a Committee Member of Heifer International (since 2009), a Board Member of Concerted Efforts Resource Centre (since 2009), an Executive Board Member of the Hong Kong AIDS Foundation (since 2006), and an Honorary Advisor and member (since 2006) of The Hong Kong Committee for the China AIDS Initiative. Dr Kwok was also a Vice-chairman of the Second & Third Board of Hongkong Kowloon Charitable Foundation Association Limited (2014 – 2020).

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

Dr Kwok is the father of Ms Kwok Sze Wai Melody, brother-in-law of Mr Law Kin Ming Peter. He is 68 years old.

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

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

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

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

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

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

Dr Kwok is the wife of Dr KWOK Siu Ming Simon, mother of Ms Kwok Sze Wai Melody, and the sister of Mr Law Kin Ming Peter. She is 67 years old.

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

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

Dr Look is a cousin of Ms. LEE Yun Chun Marie-Christine. Details of his interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". He is 64 years old.

Ms KWOK Sze Wai Melody, *MH*[◊] Executive Director[§]

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

Ms Kwok is a member of the Guangzhou Committee of the Chinese People's Political Consultative Conference, and a member to the Fight Crime Committee of HKSAR Government. With extensive experience in cosmetic retailing, she has been President of the Cosmetic & Perfumery Association of Hong Kong since 2017, diligently promoting solidarity and safeguarding the interests of the Hong Kong cosmetic industry. She is also an executive director of the Hong Kong Federation of Guangzhou Associations (since 2015), Council Member of the Council of Guangzhou Overseas Friendship-Liaison Association (since 2013), Honorary Advisor of the Hong Kong Island Women's Association (since 2018), Founding Honorary Advisor of the Hong Kong O2O E-commerce Federation (since 2017), Honorary President of International Beauty Professionals Validation Association (2014 – 2022) and Council Member of the Hong Kong Health Food Association (2016 – 2021).

Actively involved in community service and philanthropic activities, Ms Kwok has been Chairman (2010 – 2016) and President (since 2016) of the Southern District Association and Honorary Vice-President of the Hong Kong Girl Guides Association (2013-2021). She also supported the establishment of Sa Sa's first charity foundation "Sa Sa Making Life Beautiful Charity Fund" and acts as its Vice-chairman, working closely with numerous influential non-profit organisations. In 2020, Ms Kwok received the "Bauhinia Award", "Silver Carp Award" and "Distinguished Service Award" by The Hong Kong Girl Guides Association. In 2019, she was named "CMO Marketer of the Year" by Hong Kong Institute of Marketing ("HKIM"), in recognition of her outstanding achievement and contribution in marketing strategy development. She was awarded the "Golden Bauhinia Women Entrepreneur Award" by the Golden Bauhinia Women Entrepreneur Association in 2016 and "Junior Chamber International City Lady Award" in 2014, in recognition of her contribution to society as well as art and culture.

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

Ms Kwok Sze Wai Melody is the daughter of Dr Kwok Siu Ming Simon and Dr Kwok Law Kwai Chun Eleanor, and the niece of Mr Law Kin Ming Peter. Details of her interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". She is 43 years old.

◊ Since 1 July 2021

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 speciality tea brand created in Hong Kong and produced in Germany. Ms Lee is a founder of Sport Max HK Co Limited and Hope Sport Association, providing the highest standard of qualified and professional coaching in sports. She is also an advisory board member of Phoenix Property Investors (H.K.) Limited, a private equity real estate investment group focusing on first-tier pan-Asian markets.

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

Ms Lee is committed to community work. She is a lifetime founding benefactor of The Nature Conservancy, USA, and a founder of a non-profit charitable organisation, Sports for Hope Foundation, providing funding to highly-talented young underprivileged athletes who lack financial means to further their passion. Ms Lee obtained a Bachelor of Science in Biochemistry and Nutritional Sciences from Simmons College, Boston, United States and was conferred an Honorary Fellowship by King's College, London for the cancer research programme at the Guy's Hospital. She is a cousin of Dr LOOK Guy. She is 61 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 Chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee of the Company. Ms Ki resigned as a non-executive director of New World Development Company Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong, on 1 October 2020. 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, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada) 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 74 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 Chairman of both the Audit Committee and the Nomination Committee of the Company. Mr Tan is a professional in value and business management consultancy. He is an independent director and Chairman of Audit Committee of ReneSola Ltd whose shares are listed on the New York Stock Exchange, an independent non-executive director and Chairman of Audit Committee of Xtep International Holdings Limited and 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 retired as an independent non-executive director of Sinopharm Group Co. Ltd., the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong, on 18 September 2020. Mr Tan was 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 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 65 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 the independent non-executive director and the Chairman of the Nomination Committee of Pangaea Connectivity Technology Limited on 25 January 2021. Mr Chan is also an independent non-executive director, Chairman of the Remuneration Committee, member of the Audit Committee, member of the Nomination Committee and member of the Risk Management Committee of Q P Group Holdings Limited. The shares of both companies are listed on the Main Board of The Stock Exchange of Hong Kong.

Mr Chan is a member of the 13th National People's Congress of the People's Republic of China (April 2019 – around March 2023) and an adjudicator or panel member of a number of appeal boards or advisory committee in the Hong Kong Special Administrative Region, including: member of the Advisory Committee on Promotion of Arbitration (August 2018 – March 2024), member of the Innovation and Technology Commission "Innovation and Technology Venture Fund" Advisory Committee (June 2017 – June 2021), member of the Legal Aid Services Council (September 2018 – August 2022), Chairman of the Appeal Tribunal Panel (Buildings) (December 2012 – December 2020), and substantive member of the Human Organ Transplant Board (February 2018 – February 2024).

Mr Chan is currently Vice-Chairman of the InnoTech Committee of The Law Society of Hong Kong, Vice-Chairman of eBRAM International Online Dispute Resolution Centre Limited, Council Member of Fu Hong Society (since November 2018), Council Member of The Hong Kong University of Science and Technology (since April 2016), 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 and director of the Hong Kong Football Association.

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) and member of Solicitors Disciplinary Tribunal Panel in the Hong Kong Special Administrative Region (September 2010 – September 2016). He is 47 years old.

◊ Since 1 July 2021

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 36 years of experience in the field of sales and marketing, 24 of which were in senior management positions. He is also a director of a subsidiary of the Group. Mr Law oversees the Group's category management and product development function. He is also responsible for the Group's acquisition of exclusive distribution rights of international brands and the development of the Group's house brand products. He holds a Bachelor's degree in Arts majoring in Communications Studies from the University of Windsor, Ontario, Canada and pursued a Bachelor's degree in Commerce later. Mr Law is the Honorary Advisor of the Cosmetic & Perfumery Association of Hong Kong. Mr Law is the brother of Dr KWOK LAW Kwai Chun Eleanor, the brother-in-law of Dr KWOK Siu Ming Simon and the uncle of Ms KWOK Sze Wai Melody. He is 65 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 55 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 2020/21

Below are the highlights of our ongoing initiatives for the development of our corporate governance practices during the year ended 31 March 2021:

Hybrid AGM

- We held our first hybrid annual general meeting in August 2020. Using technology to combat the impact brought about by Covid-19, the hybrid meeting enabled shareholders to participate, vote and engage with the Board online notwithstanding the social distancing measures imposed restricting the number of shareholders who could attend the AGM physically.
- A full paperless e-voting was also adopted for the first time in the AGM, enhancing efficiency in both the poll voting process as well as the use of natural resources.

A Diverse and Engaged Board

- Our board is diverse not only in gender but also in skills, age, experience and educational background.
- Our directors continued to actively participate and contribute to the Company's affairs, achieving 100% attendance rate in both board and board committee meetings held during the year. Representatives from management attended some of these meetings to ensure a two-way flow of information and organisational effectiveness.

Importance of Continuous Professional Development

- Our board members recognised the importance of continuous professional development to keep their skills refreshed, relevant and up-to-date.
- During the year, the Directors undertook a total of 40 hours of continuous professional development together, amid the challenges brought about by Covid.

Compliance with Corporate Governance Code (CG Code)

The CG Code is the standard against which we measure ourselves. Throughout the year ended 31 March 2021, 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:

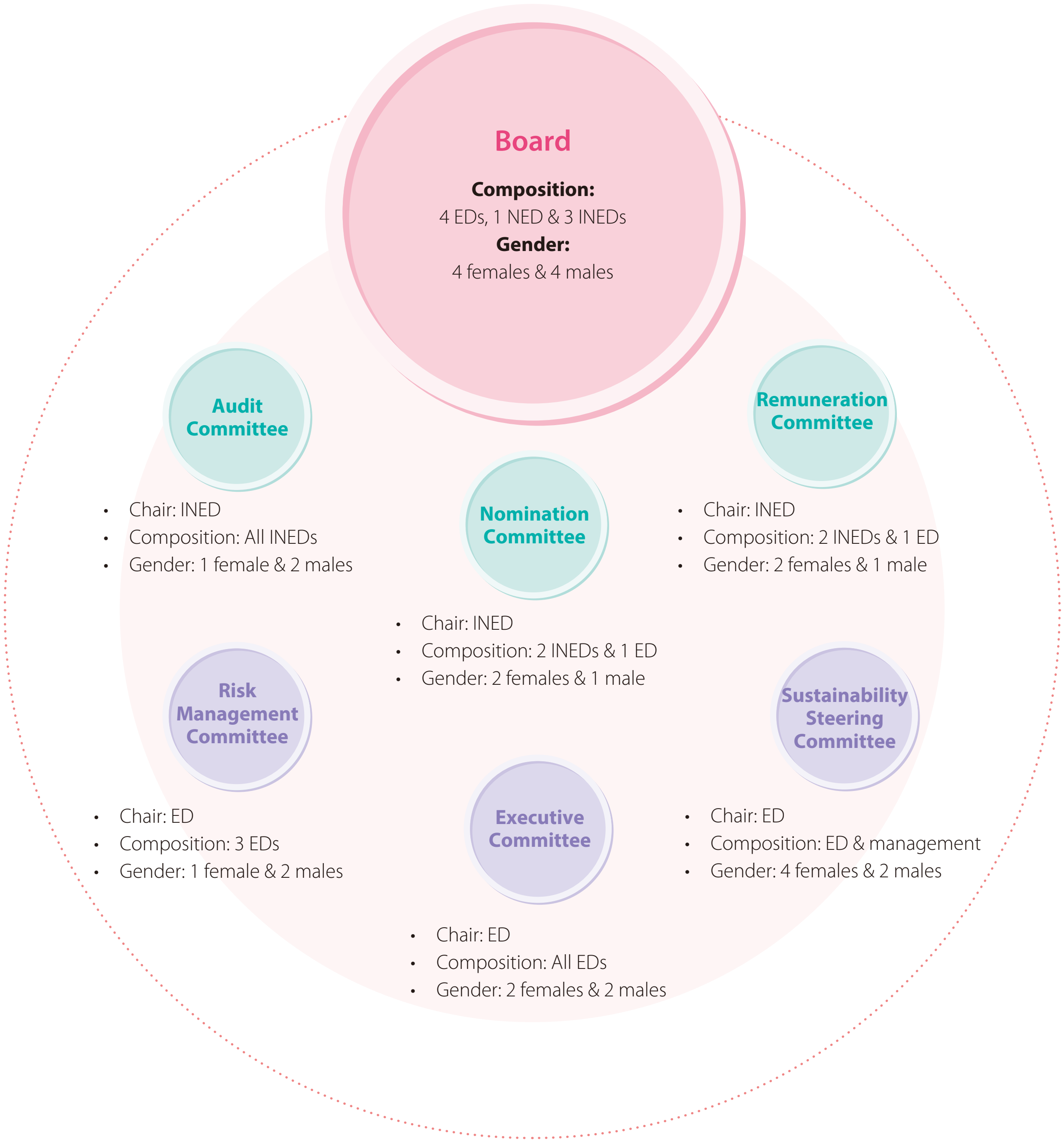
- ✓ Extend the annual general meeting to online participation by way of a hybrid meeting, allowing shareholders the option of attending the AGM physically or online.
- ✓ Held a total of five board meetings and 20 board committee meetings with 100% attendance during the year.
- ✓ The Board evaluates its own performance and that of its committees every two years.
- ✓ 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.
- ✓ Members of the Audit Committee held two private meetings with the external auditor without the presence of any of our executive directors during the year.
- ✓ In addition to the Audit Committee, Nomination Committee and Remuneration Committee, we have established an Executive Committee and a Risk Management Committee, each with specific written terms of reference setting out clearly the individual committee's duties and authorities. Since the year 2018/19, we also have a Sustainability Steering Committee led 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.
- ✓ We voluntarily announced our unaudited operational performance for all four quarters of the financial year and provided sales updates of our retail business in Hong Kong and Macau after the National Day Golden Week Holiday.
- ✓ 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 27 clear business days' notice for our annual general meetings.
- ✓ To further increase efficiency of communication, protection of the environment and to save costs for the Company, arrangements have been made since 2009 to ascertain shareholders' preferences as to the means of receiving corporate communications and shareholders are encouraged to elect for electronic communications.

Deviation from the Corporate Governance Code

Code Provision A.2.1

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

Our Governance Structure



Corporate Governance at Sa Sa

Board Effectiveness

- Eight directors
- INEDs: 37%
- Female directors: 50%
- Average age: 61
- Board meetings attendance rate: 100%
- INEDs serving more than nine years: 67%
- Board evaluation: every two years
- Diverse board with multiple perspectives and, together, a wide range of skills and experience

Audit and Risk

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

Stakeholders

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

Leadership

Composition of the Board and Board Committees

Board

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Executive Committee

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

Risk Management Committee

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

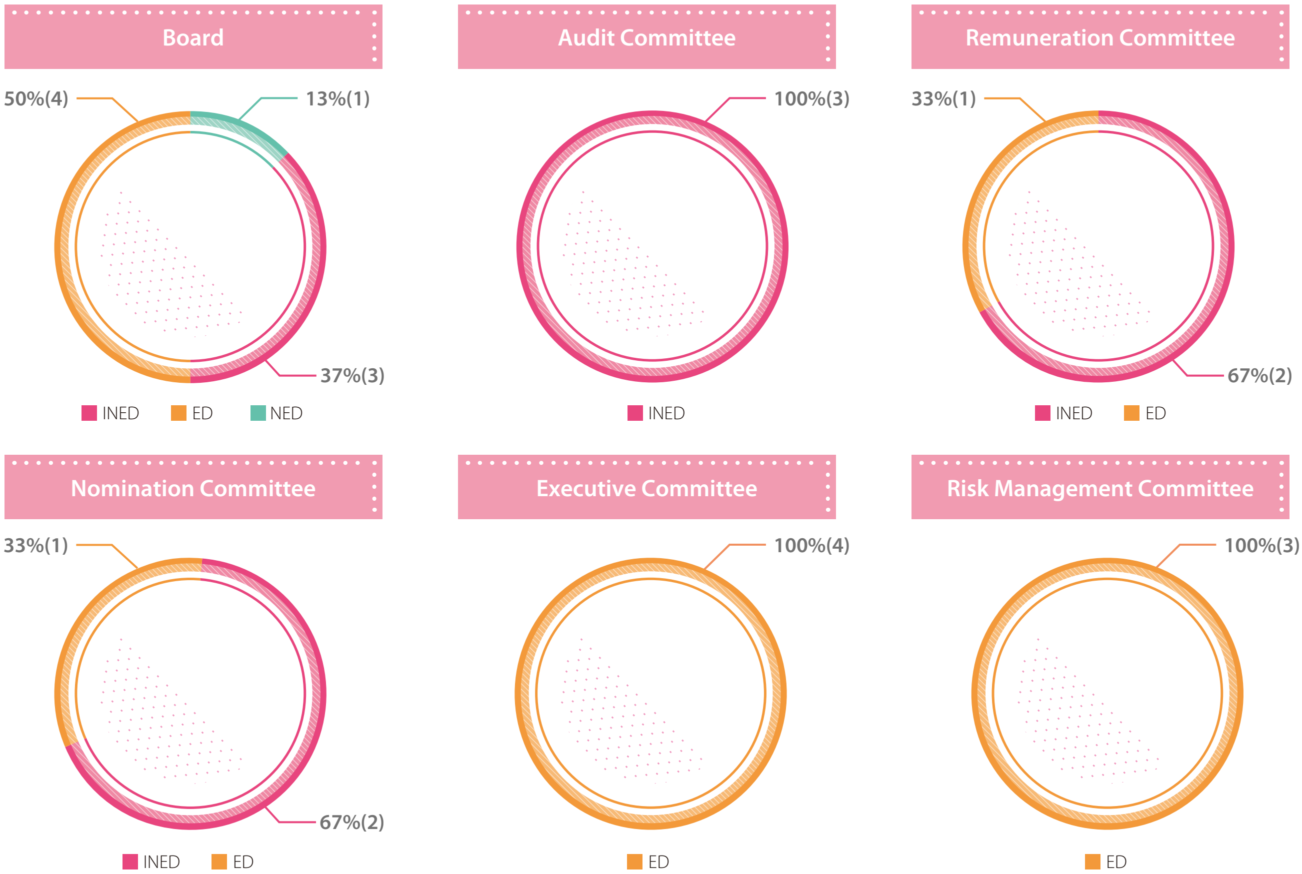
The Board has a balanced composition, comprising four executive directors, one non-executive director and three independent non-executive directors. This composition well fulfils the parameters of the CG Code, which requires listed issuers to have independent non-executive directors representing at least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

The biographical details of each of our directors, including the relationship between board members, are set out on pages 49 to 54 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 Committee are each chaired by an independent non-executive director.

Board Independence



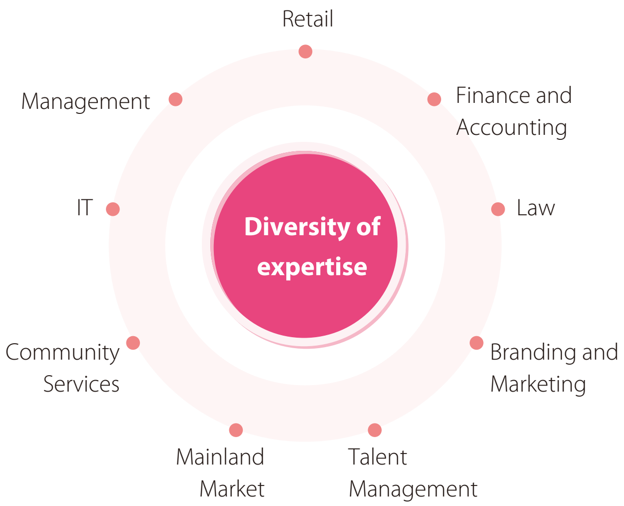
Some of our INEDs have served as our board members for more than nine years. While this could be relevant to the determination of independence, it is well recognised that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence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

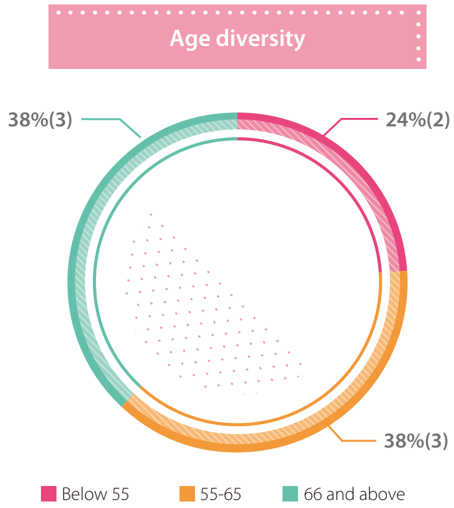
Board Diversity

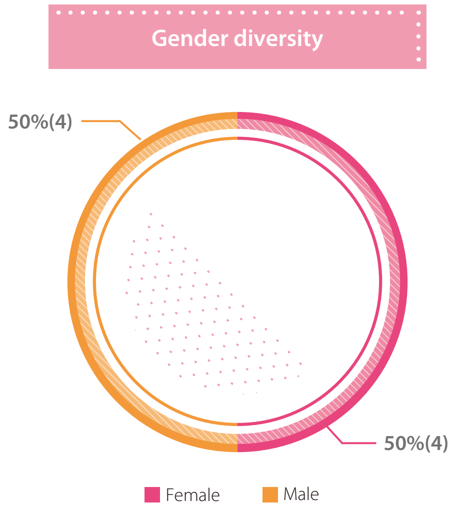
We recognise the benefit and value of diversity across the organisation, and endorse the view that a diverse board, with a breadth of perspective, is one of the key drivers of an effective board.

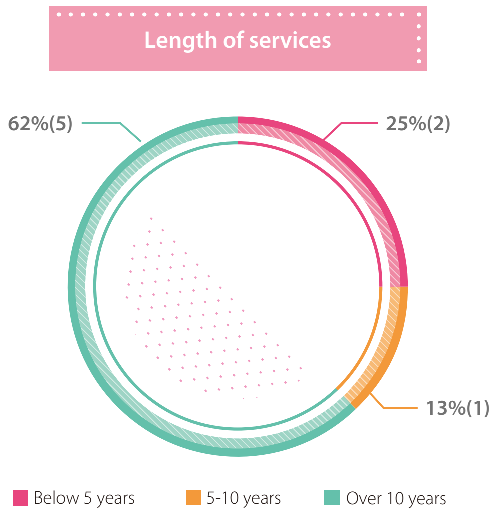
We have a highly diverse board in terms of age, gender, academic background, nationality, professional experience and industry experience. Over 37% of our directors have either obtained a PhD or have been conferred an Honorary Doctorate degree. We have directors with in-depth knowledge of the Mainland,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

Our Board Diversity Policy reinforces the significant role women directors play in the Company and pledges to ensure a strong female representation at board level. Women directors made up 50% of our board members as at 31 March 2021. The policy will be reviewed periodically to ensure it remains relevant to the Company's needs and reflects both regulatory requirements and good corporate governance practices. A full version of the policy is set out below. It can also be found on our corporate website.









Board Diversity Policy

Purpose

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

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

Policy statement

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

Measurable objectives

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

Review and monitoring

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

Language version

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

Approval of this policy

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

Appointment and Re-election of Directors

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

Dr LOOK Guy, Ms KI Man Fung Leonie and Mr TAN Wee Seng will retire at the AGM to be held in September 2021. All of them, being eligible, would 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 Committee

Board

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

Shareholders

- Vote on the directors' re-appointment 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 met with all the INEDs without the presence of other directors during the year ended 31 March 2021. 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 2021, we have four executive directors who together form the Executive Committee. The committee, led by the CEO, is accountable to the Board while the executive directors are leaders of the management team. The role and responsibilities of, and details of work done by, the Executive Committee are set out on pages 70 and 74.

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 executive directors and senior management on pages 49 to 51 and 55 of this Annual Report, and all vice-presidents, department directors and associate directors. They are responsible for the day-to-day operations, management and administration of the Group under the leadership of the executive directors led by the CEO (Executive Committee). They also execute and implement strategies and directions determined by the Board. Their respective responsibilities are clearly established and set out in the Terms of Reference for the Board and the management, which is available on our corporate website. The management provides monthly updates to the Board to enable board members to discharge their duties more effectively.

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

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

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

Board, Board Committees and Annual General Meeting

Meetings in 2020/21

April	May	June	July	August	September	October	November	December	January	February	March
				AGM							
B		B			B		B			B	
A		A			A		A				
R											
		N									
E	E	E	E	E	E	E	E	E	E	E	E
	RM						RM				

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

Attendance at Meetings

The following table shows the attendance of Directors at board meetings, board committee meetings and AGM held during the year under review.

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee	Risk Management Committee	Annual General Meeting
Executive Directors							
Dr KWOK Siu Ming Simon	5/5	4/4*	1/1*	1/1*	12/12	2/2	1/1
Dr KWOK LAW Kwai Chun Eleanor	5/5	4/4*	1/1	1/1	12/12	2/2	1/1
Dr LOOK Guy	5/5	4/4*	N/A	N/A	12/12	2/2	1/1
Ms KWOK Sze Wai Melody	5/5	4/4*	N/A	N/A	12/12	1/1*	1/1
Non-Executive Director							
Ms LEE Yun Chun Marie-Christine	5/5	4/4*	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors							
Ms KI Man Fung Leonie	5/5	4/4	1/1	1/1	N/A	N/A	1/1
Mr TAN Wee Seng	5/5	4/4	N/A	1/1	N/A	N/A	1/1
Mr CHAN Hiu Fung Nicholas	5/5	4/4	1/1	N/A	N/A	N/A	1/1
Total number of meetings	**5**	**4**	**1**	**1**	**12**	**2**	**1**
Average attendance rate of directors^	100%	100%	100%	100%	100%	100%	100%

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

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

Work done by the Board in the year ended 31 March 2021:

Five meetings (100% attendance rate)

Financial results

- ✓ Approved the annual results and annual report for the year ended 31 March 2020 and the performance of key business units against budget and the market.
- ✓ Approved the interim report and interim results announcement for the six months ended 30 September 2020.
- ✓ 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

- ✓ Reviewed, discussed and considered the Group's affairs, including strategic plans, financial affairs, progress and updates of business performance and budget summary/proposals (with the presence of management from time to time).

Corporate governance

- ✓ Approved the re-appointment of Mr CHAN Hiu Fung Nicholas as INED.
- ✓ Approved the re-elections of Dr KWOK Siu Ming, Dr KWOK LAW Kwai Chun Eleanor, Ms KWOK Sze Wai Melody, Ms LEE Yun Chun Marie-Christine and Mr CHAN Hiu Fung Nicholas as directors at the annual general meeting held on 27 August 2020.
- ✓ Approved the re-appointment of PwC as auditor of the Company.
- ✓ Received reports from respective chairs of the different board committees.
- ✓ Approved the revised remuneration policy for directors and senior management and whistleblowing policy.
- ✓ Received the updates from ESG and investors' relations.

Model Code for Securities Transactions by Directors

We have adopted our own written policy regarding securities transactions on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code). The Model Code is extended to certain "relevant employees" who, because of such office or employment, is 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 policy throughout the year under review.

Directors' and Officers' Insurance

We have maintained a Directors' and Officers' (D&O) Liability Insurance, which gives appropriate cover for any legal action brought against our directors and officers since 2001. To ensure sufficient cover is provided, we review the Company's D&O insurance policy annually to ensure that the coverage is sufficient and 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 since the Insurance Policy came into effect up to the date of this report.

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. Directors have a continuing duty to inform the Board of any changes to these conflict situations. No conflicts of interest actually arose in the year under review.

Induction and Continuous Professional Development

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

Director's Role and Responsibilities

New Director's Induction

All newly appointed directors are provided a tailored induction programme, depending on the experience and background of the director. A comprehensive Induction Handbook will be given to all of them to ensure their awareness of a director's responsibilities and obligations.

Continuous Professional Development

Joined the e-learning regarding connected transaction rules, notifiable transaction rules and equity fundraising rules.

Received corporate communications such as press releases and other news and updates related to our business and the regulatory environment.

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

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

Company Secretary

Our Company Secretary is an employee of the Company and reports to the Chairman and CEO. She also acts as secretary to most of our board committees. To ensure information flow between the Board and its committees, she is responsible for ensuring the effective conduct of meetings and that proper procedures are followed (including organising meetings, preparing agendas and written resolutions or minutes, collating and distributing meeting materials, and keeping records of substantive matters discussed and decisions resolved at the meetings). She also advises the Board on compliance and corporate governance matters, including updating the Board on any legal and regulatory changes, as well as facilitating the induction and professional development of the Directors.

All board members have access to the advice and services of the Company Secretary at all times. The Company Secretary has complied with the requirement to undertake over 15 hours of professional training during the year under review.

Effectiveness

Board Evaluation

We have conducted board evaluations since 2016. A broad range of areas were assessed in our last board evaluations conducted in the year 2019/20, including board composition, sufficiency and effectiveness of the board committees, board process, board effectiveness, professional developments and, most importantly, the skills required of directors in the context of the Company's strategic development.

The Board is committed to reviewing its own performance and effectiveness at regular intervals of around two years. Our next evaluation will be conducted in the year 2021/22.

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. Board committees have delegated responsibilities as set out in their respective terms of reference and would make recommendations or report to the Board as appropriate.

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 66. Throughout the year, the Board Chairman and Board Vice-chairman also attended the board committee meetings at the invitation of the board committees.

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

Board Committees

Board

Audit Committee
(All members are INEDs)

Key responsibilities:

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

Nomination Committee
(Majority of the members are INEDs)

Key responsibilities:

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

Remuneration Committee
(Majority of the members are INEDs)

Key responsibilities:

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

Executive Committee
(All members are EDs)

Key responsibilities:

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

Risk Management Committee
(All members are EDs)

Key responsibilities:

To provide leadership to the management in relation to risk management and internal control, including monitoring the implementation of the enterprise risk management programme; to review and approve recommendations for engaging external consultants, 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 2021:

Four meetings (100% attendance rate)

Internal and external audit matters

✓ Reviewed the semi-annual summary of audit and non-audit services provided by the external auditor for the year ended 31 March 2020 and the six months ended 30 September 2020.

✓ Reviewed and discussed the internal audit activities conducted by the internal audit function, 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;
- Annual review of internal audit function and staff resources for financial reporting functions; and
- Major investigation findings on internal controls and management's response to these findings.

Risk management and internal control system

✓ Assessed and evaluated the effectiveness of the Group's risk management procedures and internal control system covering all material controls, including financial, operational and compliance controls and risk management functions and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

Financial results

✓ Reviewed and discussed the annual results for the year ended 31 March 2020, including the annual results announcement and annual report, and made recommendations to the Board.

✓ Reviewed and discussed the interim results for the six months ended 30 September 2020, including the interim results announcement and interim report, and made recommendations to the Board.

Corporate governance

✓ Reviewed the revised whistleblowing policy.

The Audit Committee held two private sessions/meetings with the external auditor without the presence of the executive directors in the reporting period. These meetings afforded a completely 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 2021:

One meeting (100% attendance rate)

Board composition

✓ Reviewed the structure, size and composition of the Board.

✓ Assessed the continued independence of each INED.

Re-appointment of directors

✓ Considered the re-appointment of Mr CHAN Hiu Fung Nicholas as INED.

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

Remuneration Committee

Work done by the Remuneration Committee in the year ended 31 March 2021:

One meeting (100% attendance rate)

Determination of remuneration

✓ Reviewed and determined the remuneration of directors in consultation with the chairman of the Board and in accordance with the remuneration policy of the Group.

✓ Reviewed and approved the remuneration package proposal for management.

Corporate governance

✓ Reviewed the revised remuneration policy for directors and senior management.

Remuneration of Directors and Senior Management

Executive Directors and Senior Management	Non-executive Directors (including INEDs)
Fixed Elements Basic salary Fixed allowance and other benefits **Time/Performance Related Elements** Annual bonus Share options Share awards	Directors' fees

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

The remuneration package of our executive directors comprised of basic salary, a discretionary bonus tied to the performance of the Company and the individual, and other allowances and benefits. Except for the Chairman and Vice-chairman of the Board who are founders and substantial shareholders of the Company, the remuneration package of the other executive 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, all Directors agreed to a temporary reduction in basic salary or director's fees in the year ended 31 March 2021, as follows:

Period	EDs (reduction percentage)	NED and INEDs (reduction percentage)
April 2020	75%	25%
May 2020 to March 2021	37.5%	12.5%

Please refer to note 7 to the consolidated financial statements on pages 178 to 182 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 2021.

Executive Committee

Work done by the Executive Committee in the year ended 31 March 2021:

12 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.

✓ Gave directions on and monitored the Group's performance throughout the year ended 31 March 2021:
- 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;
- E-commerce strategies and performance.

The Committee proactively communicates with the NEDs and the management and is open and responsive to any issues 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 66. 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 2021:

Two 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 programme

- ✓ Reviewed and discussed the ERM progress and results for the year ended 31 March 2021 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;
  - 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 66. Please refer to pages 81 to 85 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. Despite those commitments, each director was able to give sufficient time and attention to the Company's affairs and perform his/her duties as directors.

Meeting Process of the Board and Board Committees

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

The Board meets at least four times a year at approximately quarterly intervals. We held five board meetings during the year ended 31 March 2021.

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 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.

During the year, efficient hybrid (physical and virtual) board and board committee meetings took place using effective technology, after giving due weight and consideration to the health and safety of board members and employees within the context of the COVID-19 pandemic situation.

Accountability and Audit

Compliance with Laws and Regulations

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

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

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

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

Representatives from all departments in Hong Kong have attended compliance trainings on personal data privacy given by the legal team. In the year ended 31 March 2021, trainings were provided to new joiners. The Group's legal team also attended external seminars and workshops on a regular basis to keep informed of developments in this important area. Changes and additions to the privacy policy and additional control measures are implemented on a timely basis. Our privacy policy is in compliance with the European Union's General Data Protection Regulation.

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

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

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 and guidance on the topic are provided to business units on a regular basis.

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

Risk Management and Internal Controls

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

– appropriateness and effectiveness of risk management and internal control systems;
– compliance with applicable laws, regulations, contracts, 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.

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 Enterprise Risk Management Report on pages 81 to 85 of this Annual Report.

Quality Management System

The Group is fully committed to quality management. To make more effective use of resources, the Group has decided not to renew International Organization for Standardisation ("ISO") 9001:2015 certificates for three departments in headquarters except the Logistics Department in Hong Kong and has passed the renewal audit of the ISO 9001:2015 certificate on 12 June 2020.

We will continually follow the standard procedures and control processes which have already been embedded in the daily operations, and will continue to benefit from operational efficiency and effectiveness in achieving our business goals. Compliance and significant risk areas will be reviewed by Internal Audit and Management Services Department ("IAMS Department") during individual audit engagement. The Group is planning to engage 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 27001 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, as well as corporate governance, risk management and control processes. It assists the Board to independently review the effectiveness of the 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 Company's website.

In order to maintain a high level of professionalism and to provide an effective and value-added service, members of the IAMS Department are continuously encouraged to attend relevant external workshops or seminars and conduct online self-study to keep abreast of the latest developments. Below is a summary of the external trainings attended by members of the IAMS Department for the year ended 31 March 2021:

Participation in Trainings and Continuous Professional Development of the IAMS Department

	Business & General Management	Governance, Risk & Control	Information Security
No. of events	1	4	6

Internal Audit Activities

The IAMS Department adopts a risk-based approach to developing the annual and revised quarterly audit plans that are aligned to the ERM framework and are strategic and objective centric. Potential auditable activities are identified, prioritised and scoped based on our dynamic and continuous risk assessment that covers business activities with material risks across the Group. For individual internal audit assignments, we have shifted to an agile approach to the three key stages of our audits – planning, fieldwork and reporting. This agile approach allows the IAMS Department to place more focus on value and risk by prioritising the right projects at the right depth. This gives the IAMS Department more intensive oversight, and allows it to enhance its abilities to provide more timely assurance, thereby eradicating low-value work and realising efficiencies. 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 and mitigation measures taken by management.

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 internal 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 internal 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.

To further strengthen the overall control environment, the IAMS Department performs continuous auditing on selected key operational processes to evaluate and ensure the adequacy and effectiveness of management's monitoring of those areas. This practice allows the IAMS Department to apply the agile audit approach and enhances audit efficiency and effectiveness for continuous monitoring of internal control deficiencies and fraud risks.

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 2021, covering all material financial, operational and compliance controls. The Board considers the Group's risk management and internal control systems to be effective and adequate. There were no suspected material irregularities or significant areas of concern identified during the year that might cause potential impact to our Shareholders.

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

The Auditor

We engage PwC as our external auditor. We have received a written confirmation from PwC confirming that it is independent and that there are no relationships between PwC and the Company that are likely to impair its independence. The roles and responsibilities of our external auditor are stated in the Independent Auditor's Report on pages 147 to 151.

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 2021, the fees paid by the Group to PwC amounted to approximately HK$3,564,000, comprising audit fees of HK$2,568,000 and non-audit fees of HK$996,000. The non-audit services consisted of tax advisory services, interim review, turnover certificate, transfer pricing analysis, and other services.

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

Shareholders

2021 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 2021 will be held on or around Wednesday, 15 September 2021. 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 2021.

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 124 to 131 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 124 to 131 of the "Investor Relations Report" in this Annual Report.

Dividend Policy

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

Policy statement

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

Scrip dividend alternative

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

Unclaimed dividends

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

Other Shareholder-related Information

For details of the 2020 annual general meeting, upcoming important dates and year-end public float capitalisation, please refer to pages 124 to 131 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 2021.

Enterprise Risk Management Report

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

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

Risk Management Committee

The Group formed the Risk Management Committee ("RMC") in 2009 that comprises three Executive Directors as part of the Group's commitment to further enhancing our control environment. The RMC has written terms of reference that set out the responsibilities of the members, which are available on the Company's website. The RMC assists the Board in providing leadership to the management in relation to risk management and internal control. The RMC has overall responsibility for the establishment and maintenance of an appropriate and effective risk management and internal control systems including the design, implementation and monitoring of such systems for the Group. For the year ended 31 March 2021, 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.

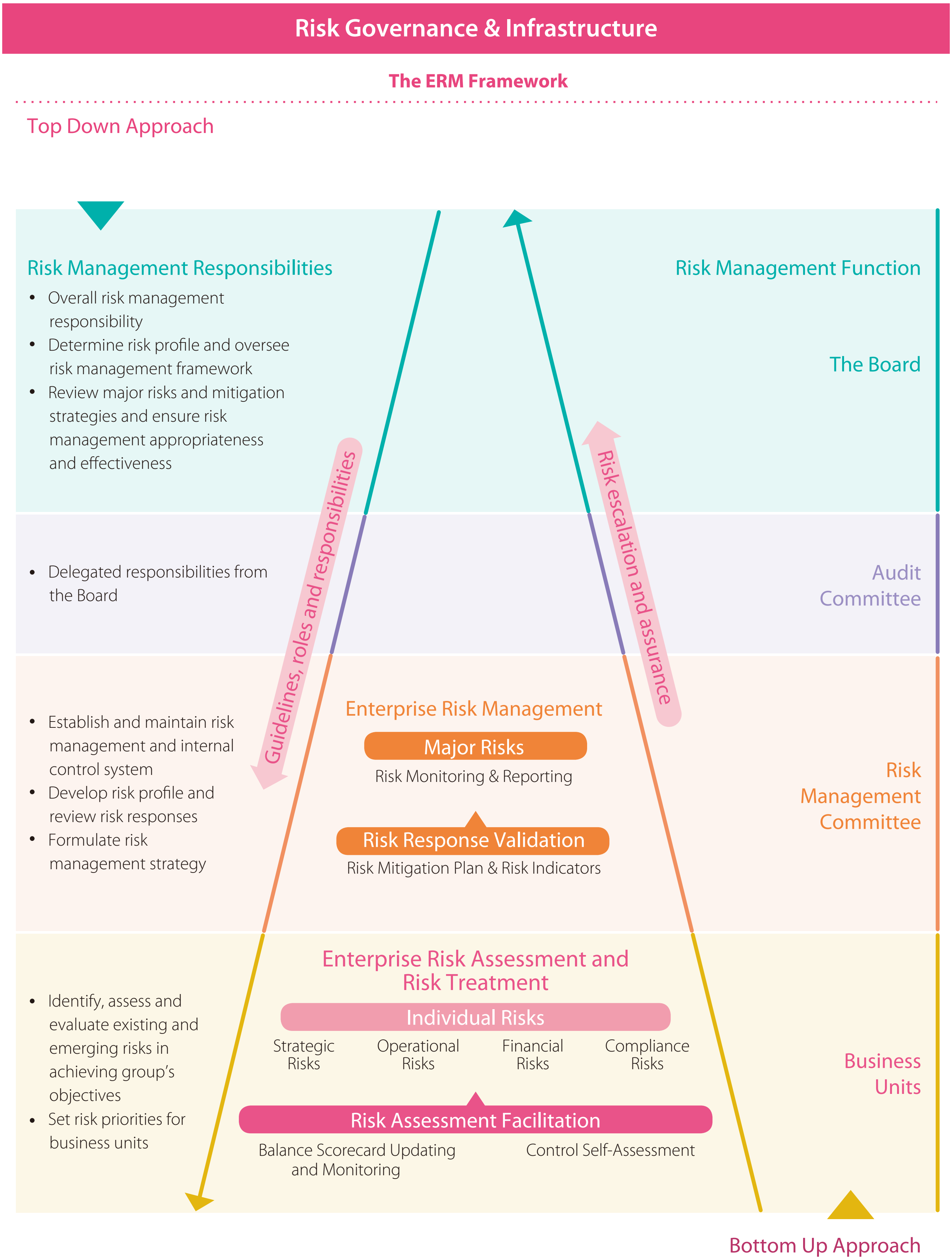
The Group has in place the Control Self-Assessment, requiring all business units and major departments in the headquarters to annually assess the adequacy and effectiveness of risk management and internal control, as well as to identify potential and significant risks.

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 is closely measured by risk indicators. This system is used as a basis for reporting and discussion in the management meetings as well as in RMC meetings. If any risk indicators underperformed, the responsible risk owners are required to re-assess the existing remedial action plans and promptly propose new plans if necessary.

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

The balance scorecard system has been implemented, with the incorporation of key performance indicators for major departments in headquarters to measure their progress towards achieving business goals. During the year, we started to align the reporting of the balance scorecard system and the ERM system to provide management with a comprehensive set of indicators for monitoring both business performance and risks. An illustrative diagram describing our ERM framework is set out on page 82.


Risk Governance & Infrastructure
The ERM Framework
Top Down Approach
Risk Management Responsibilities
• Overall risk management responsibility
• Determine risk profile and oversee risk management framework
• Review major risks and mitigation strategies and ensure risk management appropriateness and effectiveness
Risk Management Function
The Board
Guidelines, roles and responsibilities
Risk escalation and assurance
• Delegated responsibilities from the Board
Audit Committee
• Establish and maintain risk management and internal control system
• Develop risk profile and review risk responses
• Formulate risk management strategy
Enterprise Risk Management
Major Risks
Risk Monitoring & Reporting
Risk Response Validation
Risk Mitigation Plan & Risk Indicators
Risk Management Committee
• Identify, assess and evaluate existing and emerging risks in achieving group's objectives
• Set risk priorities for business units
Enterprise Risk Assessment and Risk Treatment
Individual Risks
Strategic Risks
Operational Risks
Financial Risks
Compliance Risks
Risk Assessment Facilitation
Balance Scorecard Updating and Monitoring
Control Self-Assessment
Business Units
Bottom Up Approach

Management of Major Risks

There have been no significant changes in the nature and extent of major risks during the year. We recognise that market concentration risk, online threats and opportunities and product competitiveness remain the major risks that the Group has to manage amid the economic downturn brought about by the COVID-19 pandemic.

Market Concentration Risk

Brick-and-mortar business has historically been the main focus of the Group in all markets, and mainland tourists have made up a substantial proportion of our sales in our core markets of Hong Kong and Macau SARs, accounting for more than 60% of their turnover over the past few years. Since the outbreak of COVID-19 in early 2020, the Hong Kong and Macau SARs governments have implemented stringent border control measures for inbound travellers which brought tourist arrivals to a standstill and curtailed the entire retail industry. In addition, our sales in physical stores have been affected by the increasing pace at which consumers are moving towards online purchases.

The Group has adopted a diversification strategy in terms of sales channels and markets, customers and products to alleviate this market concentration risk and has further expanded our online business in line with the latest development and trend to balance its mix of online and offline operations (for details, please refer to the Online Threats and Opportunities section). The Group is also accelerating its penetration into the Mainland China market as an effort to balance its geographical sales mix from brick-and-mortar stores (for details, please refer to the Mainland China and Malaysia Business Prospects section).

During the year, the Group stepped up its efforts in serving local consumers in Hong Kong and Macau SARs markets. We have offered extensive range and large volume of protective and personal care products from the start of the pandemic (for details, please refer to the Product Competitiveness section). We have also launched aggressive promotional activities to attract local customers and sourced more personal care products to accommodate their needs. Furthermore, the Group will develop customer experience zones in designated physical stores to deliver more personal services and exclusive in-store experiences.

Online Threats and Opportunities

The COVID-19 pandemic has accelerated the purchase behaviour shift towards online shopping. We are further developing our online touch points and increasing the coordination of our online and offline product offerings and fulfilment with the aim of providing a seamless shopping experience which will enable us to interact with and serve our customers irrespective of where they are.

Sales through third-party platforms represent a significant part of our sales. We are strategically committed to extending our reach beyond Mainland China and are collaborating with current and targeting other well-known e-commerce platforms to serve different markets in Asia.

Recognising that the role of physical stores is changing in the new retail era. The Group will invest more resources in expanding online business and take full advantage of our physical stores by accelerating the collaboration of online platforms and offline store network, with a view to providing customers with a seamless O2O shopping experience in the future. To this end, digital marketing including social media and livestreaming are increasingly engaged to promote interaction with consumers.

We aim to incorporate and consolidate online and offline customer databases in the Hong Kong and Macau SARs markets and in time also the Mainland China market for the purpose of boosting customer loyalty and repurchase rate.

Product Competitiveness

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

Our product offering traditionally focuses mostly on skincare, makeup and fragrances. As the pandemic has caused significant changes in consumers' product needs, we have responded by introducing popular product categories including protective products, and personal care products. We will focus on addressing the needs of our customers by tracking the latest market trends and continuously improve the attractiveness and competitiveness of our products.

Product category diversification will also address the limitations of a relatively narrow product offering that would see large fluctuations in sales performance. By adopting a more diversified product offering, we can improve the loyalty of existing customers, and attract new customers and customer segments.

Liquidity Risk

Working capital management is crucial to the sustainability of a company. The pandemic has led to a plunge in revenue in our core markets, significant losses and a drain on the Group's cash reserves. We have made great efforts to optimise our cost structure and exercise strenuous inventory management, in addition to exploring new revenue drivers.

Cost Structure

This determines our profitability and ultimately our cashflow. We have been focusing our efforts on reducing staff costs and rental costs as they comprise the largest and second largest portion of the Group's expenses. Successful execution of the plan allows us to gain significant improvements in our profitability, competitiveness and liquidity. For staff costs, we have enforced the clearance of outstanding leave, implemented unpaid leave arrangements and temporary salary reduction schemes.

We have sought rental concessions and rental reductions upon renewal and have closed stores in tourist areas to reduce rental expenses and other physical store costs. The O2O business model also helps to lower expensive rents of physical stores. Ultimately, the aim is to rationalise store network and reduce store expenses to maximise store contribution, as well as to reduce non-productive costs to optimise our cost structure and therefore increase competitiveness and profitability.

Inventory management

Inventory management plays a significant role in a company's liquidity since excessive inventories will tie up unnecessary funds and increase the risks of obsolescence. We succeeded in reducing excessive inventory by implementing aggressive clearance activities and placing stringent control on purchasing, and have allocated funds to strategically focused products only.

Staff Health and Safety Risk

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

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

Cybersecurity and Personal Data Privacy Risks

Information technology has gained a higher strategic importance to achieving our objectives and is an increasingly weighted and integral part of our daily operations. We recognise that if technology-related risks are not adequately managed, they might negatively undermine our ability to meet the objectives that we are trying to achieve.

New retail operations require collection, processing and management of vast quantity of customer personal data from different legal jurisdictions that have been imposing ever more stringent regulations and penalties. As we aim to establish a centralised customer database for all our online and offline customers, we are exposed to personal data privacy risk that may result in losses to our customers, potential fines, as well as damage to our reputation and business. Cybersecurity and personal data privacy risks are thus together rated as a major risk to manage.

For that reason, the Group has been paying more attention to the information security management. An external consultant is engaged in conducting penetration testing annually and will be engaged whenever necessary to assure our effectiveness of information security. The Group has enhanced its existing IT security controls and implemented new measures to raise the staff awareness of potential IT security threats.

Mainland China and Malaysia Business Prospects

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

In the Mainland China market, we are leveraging on the improving management team and product competitiveness to support the increasing pace of new store openings. The Group has strategically focused on the expansion of new stores in core city clusters to realise local management effectiveness and efficiency. In order to support the rapid business expansion, we will accelerate our progress in talent training, particularly in striving the better customer service and sales capabilities of frontline employees.

The Malaysian government issued Movement Control Orders, requiring mandatory temporary shop closures during different periods to contain the spread of the COVID-19 pandemic. The Group has responded to the unprecedented challenges by enhancing the product portfolio with protective and personal care products and introduction of online home delivery services. We established collaborative partnership with a number of online platforms during the year to allow customers to shop from home as well as to broaden our customer bases. The Group will remain prudent in store opening and continue to implement stringent cost reduction measures.

Ethical Business Practice

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

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

Third-Party Risks

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

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

Environmental, Social and Governance Report

BEAUTIFUL AMBITION

SASA 2025

Making Life Beautiful

Message from the Chairs

"We are honoured to have received six ESG awards this year. They are both a recognition of Sa Sa's performance and an encouragement for our sustainability efforts. Going forward, we will put our best foot forward to bring about long-term positive environmental and social impacts through effective business development and collaboration with stakeholders."

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

"Amid the COVID-19 pandemic, and despite the changing environment around us, we will continue to set an excellent example for the industry by fulfilling our commitment to 'Beautiful Ambition: SASA 2025' and taking on more responsibilities on sustainability development for our employees, customers, the environment and the community. At the same time, we will continue to work together with the community to overcome adversity."

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

◇ *Since 1 July 2021*

Our Approach to Sustainability

Sustainability Framework

Our Shared Purpose

Sa Sa believes that making our sustainability ambitions known to every stakeholder involved in our business is the key of our approach to sustainability.

In the financial year 2019/20, we established "Beautiful Ambition: SASA 2025" to deliver on Sa Sa's purpose on sustainable development – making life beautiful for our customers, our talents, our environment and community, in the next five years.

Building on our heritage as a caring company, our sustainability framework connects to Sa Sa's strategic priorities and guides us to be a responsible and sustainable business in long run. Most importantly, this big picture has also become a shared purpose as it allows our stakeholders to understand how they can contribute to our ESG efforts.

Beautiful Ambition: SASA 2025

Our Focus	**Serve with Heart**	**Advance Resource Efficiency**	**Support Our Talent**	**Achieve Sustainable Growth**
Our Commitment	• Safeguard beauty through quality and safety • Integrate consumer rights and protection in customer experience • Make quality beauty accessible and affordable to all	• Enhance energy efficiency • Minimise waste • Promote sustainable supply chain	• Galvanise talents to reach their full potential • Enhance staff engagement and communication • Foster workplace wellness	• Capture sustainability trends and opportunities • Strive to be a sustainable business • Bloom with community
Our Target	• Zero product recall • See a reduction in the number of customer complaints each year	• A 38% reduction in GHG emissions against 2014/15 level • A 50% reduction in paper consumption against 2014/15	• Cultivate a high-performance culture • Nurture a vibrant and diverse workforce with robust training and succession plan	• A 10% increase in volunteering hours each year • Partner up with different stakeholders to unleash innovation for sustainability
Our Progress	• Achieved • In 2020/21, we had: - no product recalled - number of complaints dropped from 96 to 49	• Achieved • In 2020/21, we had: - a 49% reduction in GHG emissions against 2014/15 level - a 58% reduction in paper consumption against 2014/15 level	• On track • In 2020/21, we had: - 60 staff members graduated from our JBT Programme - our first KOL Training Programme	• On track • In 2020/21, we had: - corporate donation and sponsorship of HK$3.07 million - three new strategic ESG partnerships

Our Vision

Making Life Beautiful

Performance Highlights

Sa Sa made the below achievements for the year ended 31 March 2021:

6 ESG recognitions attained	30 Clean beauty products added	3 New ESG strategic partnerships created	HK$3.08 million Corporate donation and sponsorship
GHG emissions (tCO_2e) ▼17%*	Paper consumption (pcs) ▼36%*	Shopping bag consumption (pcs) ▼26%*	Work-related injury (cases) ▼37%*

Awards and Recognitions

Special thanks to the dedication of our people, we have been the proud recipients of six ESG awards this year:

- BDO/ESG Award (Small Market Capitalisation)
- Hong Kong Awards for Environmental Excellence – Gold Award 2019 (Shops and retailers sector)
- Hong Kong Investor Relations Association/The 6th "Investor Relations Awards"
  - o Best ESG – Social (Small Cap)
  - o Best ESG – Corporate Governance (Small Cap)
  - o Grand ESG Award (Small Cap)
- Inno ESG Award 2020 Sustainability Prize

What is most important about these honours is not the reputation they bring, but what they represent. Being selected as an exceptional contributor in our field means that we are meeting our goal of making life beautiful for the environment, people and communities we serve.

Sustainability Benchmark and Commitment

Sa Sa is committed to transparency in our sustainability performance. Being open about it motivates us to go the extra mile to be a sustainable business. In addition to keeping up with the latest market trends, we continue to participate in different sustainability benchmarks to upgrade ourselves by recognising our strengths and weaknesses.

- Constituent of the Hang Seng Corporate Sustainability Benchmark Index for the tenth consecutive years with a rating of A
- MSCI's ESG Ratings of "BBB"
- Awarded with "Caring Company for 15 years plus" status by the Hong Kong Council of Social Service

Hang Seng Corporate Sustainability Index Series Member 2020-2021

MSCI ESG RATINGS BBB

15 years+ caringcompany

* Against 2019/20 level

Our Approach to Sustainability

Sustainability Governance Structure

We believe a robust governance structure – committed leadership, clear direction and strategic influence – is vital to successful integration and effective management of sustainability at Sa Sa.

Our governance structure centres on the Sustainability Steering Committee (the SSC) which is directly accountable to the board of directors. Chaired by one of our executive directors, Ms Kwok Sze Wai Melody, and with different department heads as members, the SSC meets quarterly to deliberate on the focus areas of our strategic sustainability development, its direction and goals. The driving principle behind is to develop specific policy recommendations, enhance efficiency, minimise costs and engage staff in sustainability.

For each of us to pull the weight to integrate sustainability into our daily business operations, our sustainability governance structure also aims to create accountability for sustainability at every level.

Top-down strategy

Board of Directors

- Assumes the overall responsibility for sustainability strategy and reporting that sets the long-term development and positioning of Sa Sa

Sustainability Steering Committee

- Formulates sustainability strategy and goals for the Board's endorsement
- Monitors the progress of implementation by the working groups
- Reports to the Board regularly to enable it to discharge its oversight responsibility

Working Groups

- Each working group covers each of the focus areas of our sustainability strategy
- Each is championed by a selected department head and is charged with execution responsibilities
- Reports to the SSC

ESG Team

- Liaison between the SSC and working groups
- Provides benchmarks, market intelligence and recommendations for the SCC to formulate strategies, directions and goals
- Engages, aligns and communicates with stakeholders to ensure effective implementation of sustainability strategies

Bottom-up information flow

Stakeholder Engagement

As a leading cosmetic retailer, our company performance depends on direct and frequent engagement with our customers, employees, investors, suppliers and contractors, as well as local communities, NGO partners, the government, academia, media and industry peers and associates. Their perspectives and feedback not only help us to better understand our stakeholders needs and expectations, but also improve the relevance and effectiveness of our current and future sustainability strategies.

Our Stakeholders	Communication Channels
Employees	Daily communications, performance appraisal and talent development programme
Investors, shareholders and ESG research analysts	Sustainability reporting, benchmarks and indices, interviews and annual general meeting
Customers	Social media, Sa Sa websites, mystery shoppers programme
Suppliers and contractor	Regular project meetings and performance evaluation
Communities	Donations, community programmes and events
NGOs, academia and industry associations	Collaboration and conferences
Governments and regulators	Ongoing dialogues and information disclosure
Media	Interviews and press release

The Material Sustainability Issues of Sa Sa

Living in an ever-changing world, understanding and responding to the views and expectations of our stakeholders play a critical role in the success of our business. Thus, we conduct a materiality assessment regularly to assess the evolving sustainability landscape and to verify, rank and report the sustainability topics that matter most to our business and stakeholders.

Identification

In 2019/20, we identified 47 industry specific topics for prioritization and modified to bring greater clarity based on our materiality assessment conducted in 2016/17, industry research, benchmarking analysis of competitors and peers and stakeholder input.

Prioritisation

We prioritized the 24 industry-specific topics based on feedbacks from 158 internal and external stakeholders through interviews, surveys and other forms of engagement.

Validation

The list was narrowed to 18 topics specific to our business after validation of the results with the Sustainability Steering Committee members and the Board.

Most importantly, this materiality assessment led to the development of our "Beautiful Ambition: SASA 2025" strategy and its pillars: "Serve with Heart", "Advance Resource Efficiency", "Support Our Talents" and "Achieve Sustainable Growth".

The matrix below lists out the 18 moderate, high and very high priority topics identified.

During 2020/21, we had an internal review to examine the validity of these material topics identified. Since the last materiality assessment was conducted in a tumultuous year and COVID-19 still affected all of us, we concluded that Sa Sa's strategic priorities and the material topics remained unchanged. While noticing the urgency to tackle these challenges had accelerated, we trust that the robust governance at Sa Sa and "Beautiful Ambition: SASA 2025" will continue to guide us to act in time to the challenges during this challenging time.

Our Customers

Serve with HEART

When customers choose to shop at Sa Sa, they have cast their vote of confidence in the quality of our products. To reciprocate this trust, we serve wholeheartedly to satisfy their needs and expectations by offering a diverse range of high-quality products, providing attentive shopping experiences, and supporting our customers to pursue beauty.

Key Challenges

1 Evolving retail landscape

- Providing a consistent experience across offline and online channels becomes important in keeping customer satisfaction, trust and loyalty

2 Changing customer needs and expectations

- Value for money, ease of shopping experience and product quality drive purchase decisions
- Customers are more sophisticated on the ingredients and composition of their cosmetics

3 Prioritising healthy and sustainable lifestyle

- COVID-19 and climate change have customers to rethink about health and sustainability and this fuels the rise of conscious consumerism

Beautiful Ambition: SASA 2025

Our Commitment

- Safeguard beauty through quality and safety
- Integrate consumer rights and protection in customer experience
- Make quality beauty accessible and affordable to all

Our Target

- Zero product recall
- A reduction in customer company every year

Our Progress

In 2020/21, we had:

- no product recalled
- number of complaints dropped from 96 to 49

Our Key Development This Year

- Continued to be recognised for our service excellence
- Upgraded our Hong Kong shopping website and mobile app to make online shopping convenient
- Partnered up with Boutir to leverage the strengths of our beauty consultants to extend the in-store customer intimacy to this online platform

Safeguard Beauty through Quality and Safety

Although Sa Sa houses over 10,000 SKUs to keep up with the needs of customers of all ages and backgrounds, we still put product quality and safety first. Our teams in category management and product development, quality control, frontline sales and customer service go the extra mile to ensure the quality and safety of each and every product we carry. As in the past year, there are no incidents of product recall or non-compliance due to safety or health issues this year.

Here are some examples of the measures we have adopted to ensure product quality and safety:

- ✔ Being certified as ISO 9001: 2015 compliant, our Logistics Department acts as gatekeeper to safeguard product safety in every procedure including receipt, inspection, proper storage, expiration date management and delivery of our products.
- ✔ Except for food, pharmaceutical products, certain giveaways and discounted products, we ensure the products we sell are with remaining shelf life of at least four months.
- ✔ Assurance of authentic products through vendors' evaluation, contractual measures, quality control undertaken at the warehouses and monthly checking conducted at our stores.
- ✔ Provide suppliers with the latest list of harmful ingredients that must be avoided or restricted in major regions.
- ✔ Senior management will directly participate in all product safety or quality complaints and investigations. Before the investigation process is completed, we will remove such products from the shelves based on the principle of prudence.
- ✔ In addition to requiring suppliers and service providers to respect intellectual property and third-party rights, we also encourage suppliers to continuously improve their environmental, social and governance performance.

0 Case of Product Recall

Number of Suppliers by Geographical Region

Hong Kong SAR	Asia (excluding Hong Kong)	Europe	America	Others
297	112	76	12	3
(59.4%)	(22.4%)	(15.2%)	(2.4%)	(0.6%)

Integrate Consumer Rights and Protection in Customers Experiences

We endeavour to provide high-quality and worry-free services to our customers through these measures:

- ✔ 30-Day Purchase Guarantee to ensure a satisfying purchase experience for customers across all our sales platforms.
- ✔ Mystery shoppers programme to objectively assess the quality of service, providing us with not only service assurance but also room for improvement of our customer service.
- ✔ Customer experience training for frontline staff, providing on-site guidance and up-to-date product and other information to improve customer service.
- ✔ Customer complaints and investigation process* is immediately on whenever we receive complaints regarding the quality of products or services or incidents reports so that we can respond to the customers in a timely manner.
- ✔ Privacy of personal data is safeguarded by strictly complying with the Personal Data (Privacy) Ordinance. We commit to using the customer information we collect only for the purpose intended and notified.

Our Mystery Shopping Programme Score

94.8%

▲ 4.8% *vs. last year*

* During this financial year, we received a total of 49 complaints and 132 compliments.

Sa Sa's Service Excellence Got Recognised

We have once again won the "Q-Mark Elite Brand Award 2020" in the retail category (lifestyle) for 2020 from the Hong Kong Q-Mark Council in recognition of our continuous efforts in upholding the "serve with heart" commitment and delivering the best quality products and shopping experiences to customers.

Make Quality Beauty Accessible and Affordable to All

In response to the fast-changing retail landscape, Sa Sa has adopted the "New Retail" model as the core of our strategic development in the medium to long term. Since 2017, we have partnered up with various e-commerce platforms including Shopee, Tmall Global, JD Group, Xiaohongshu, Kaola and so on to expand our online presence.

Tapping into the remarkable growth of social commerce, we launched WeChat mini-programme in last year to make shopping convenient for our customers. We also actively engage in live broadcasting at multiple social media platforms like Facebook to interact with customers.

The recent collaboration with Boutir has leveraged the expertise of our beauty consultants to extend their first-class customer service in brick-and-mortar stores seamlessly into an online platform. Apart from improving customer loyalty and broadening the customer base, this helps generating additional commission income for the frontline staff amid COVID-19 outbreak.

To brace against tough market situation, we also listened to customer feedbacks and upgraded our Hong Kong shopping website and mobile app during this financial year.

Did you know......

Sa Sa garnered the "Adversity Award – Good Use of Technology Award 2020" and "Best Retail Innovation – Industry Recognition Award" by Hong Kong Retail Technology Industry Association ("RTIA") in recognition of our dedication in retail technology and innovative contribution with insightful strategies in the hardest-hit retail industry by the COVID-19 pandemic.

Progress towards Sustainable Beauty

Sa Sa is a responsible and care company. Not only we aim to do things right for the environment, we empower customers to feel good and be a "better-me" too. In addition to providing eco-friendly beauty products like microbead-free cleansing and exfoliating products, we offer our customers clean beauty products that are believed to be made without ingredients shown or suspected to harm human health.

Did you know......

What's special this year is that Sa Sa finally has her own brand, Sasatinnie, to launch green and clean beauty products. These products include unbleached bamboo pulp tissue packs and Zero Skin Moisturising and Repairing Bio-cellulose Masks.

Practise Safe Retail

Safety and wellness of our frontline staff and customers matter the most to Sa Sa. To prevent them from the attack of COVID-19, we have implemented a series of sanitisation measures at our stores:

Cater to Different Customers' Needs

We listen and respond quickly to what customers need and want. Since the early days of the COVID-19 pandemic, we have been working hard to provide customers with different types of anti-epidemic products to bring them joy, quality choice and protection. Here are some measures we have taken:

- Coordinate with stores, logistics centre and suppliers so that the anti-epidemic products are fast-tracked through the supply chain and prioritised for re-stocking.
- Upgrade Hong Kong website and mobile app to support safe retailing.
- Provide more affordable level-3 face masks to better protect our customers from COVID-19.
- Carry many colours and designs of face masks to fulfil customers' needs of different styles.
- Support local brands while sourcing face masks from Japan, Korea, Vietnam, Europe and the USA.

Our Key Achievements in 2020/21

Hong Kong Retail Management Association Quality Service Programme	• 2020 Quality Service Retailer of the Year of Flagship Stores Gold Award – La Colline • 2020 Quality Service Retailers of the Year (Beauty Products/ Cosmetics Category Award) – La Colline Shop
Hong Kong Q-Mark Council	• Q-Mark Elite Brand Award 2020 (Retail Lifestyle Category)
Hong Kong Retail Technology Industry Association ("RTIA")	• Adversity Award – Good Use of Technology Award 2020 • Best Retail Innovation – Industry Recognition Award

Sa Sa's Next Step

To empower our customers in pursuing beauty, we will continue to:

- Create a consistent shopping experience across offline and online channels.
- Continue to listen and respond with our heart to rising consumer expectations on being socially and environmentally responsible, from data protection to product safety and responsible marketing.
- Stay transparent and authentic in our approach persistently to activate the power of beauty sustainably and responsibly together with our customers.

Our Environment

Advance Resource EFFICIENCY

Making life beautiful, Sa Sa aspires to protect the environment by integrating environmental considerations into our decision-making process. We implement appropriate measures to advance energy efficiency to minimise the impacts on the environment brought about by our daily operations.

Key Challenges

1 Climate Change

- The world calls for collective action to limit global temperature increase to below 2˚C
- Extreme weather events can affect our sales, products supply and the reliability of our supply chain
- The COVID-19 pandemic has accelerated the transition to the low carbon economy

2 Waste

- Hong Kong aims for zero landfill in 2035, but our disposal rate is record-high and our recycling rate is record-low too

3 Supply chain

- As supply chain is complex in nature, there is a greater call for collection action and transparency

Beautiful Ambition: SASA 2025

Our Commitment

- Enhance energy efficiency
- Minimise waste
- Promote sustainable supply chain

Our Target

- A 38% reduction in GHG emissions against 2014/15 level
- A 50% reduction in paper consumption against 2014/15

Our Progress

In 2020/21, we had:

- a 49% reduction in GHG emissions against 2014/15 level
- a 58% reduction in paper consumption against 2014/15 level

Our Key Development This Year

- Recognised as Hong Kong Green Organisation
- Updated our corporate green manual based on data analytics resulted from the real-time smart metre
- Partnered up with iRecycle in encouraging consumers to recycle properly
- Sasatinnie launched green beauty products

Enhance Energy Efficiency to Reduce Our Carbon Footprint

Tackling climate change has already been listed as a priority in Sa Sa's Environmental Policy. As a responsible corporate citizen, we aim to reduce GHG emissions by 38% below 2014/15 baseline level by 2025 contributing to the transition to a low-carbon economy.

In 2020/21, Sa Sa operated a total of 100 stores in Hong Kong and Macau. Our operations generated 10,022 tonnes of carbon dioxide equivalent (CO_2e). Our GHG emissions were down a significant 17% year-on-year due largely to temporary store closures, reduced operating hours or the permanent closing of some of our retail stores as the COVID-19 has continued to affect all of us. This year, we reduced our emissions by 11% compared to the 38% reduction target we need to achieve by 2025. As we expect market conditions to return to normal after the COVID-19 pandemic, we have decided to maintain our 38% reduction in GHG emissions as one of our targets to achieve for 2025.

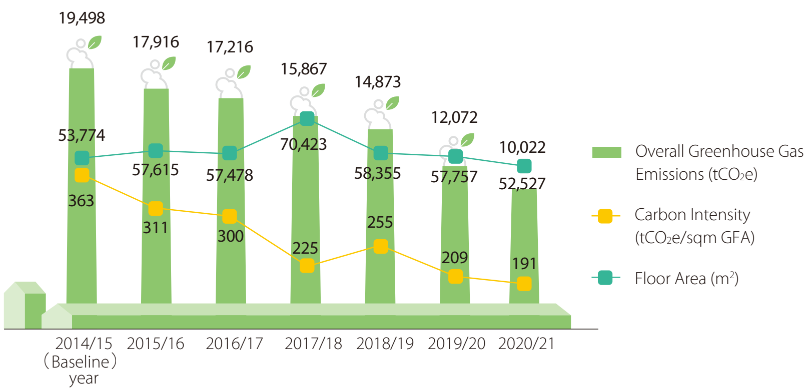
Energy consumption through electricity (Scope 2 emissions) is the source of more than 97.5% of our total carbon emissions. Among Sa Sa's main operation facilities, stores are responsible for most of the energy consumed, accounting for 76.6% of the total, followed by logistics facilities (15.5%) and offices (7.9%). Our overall electricity consumption this year dropped by 14% compared to last year.

Apart from actively supporting in the Environment Bureau's External Lighting Charter by switching off unnecessary external lighting during pre-set hours, we turn off card readers and not-in-use appliances during non-business hours. We have also implemented a number of measures to reduce emissions in our shops, offices and logistics centres, including but not limited to the installation of LED lights and smart meters.

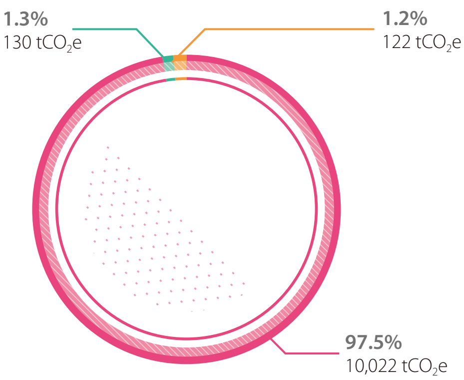
With the full support of our Board, we are extending our carbon reduction programmes to raw material production and manufacturing operations, including our suppliers and their operations.

GHG Emissions and Carbon Intensity

Environmental Policy

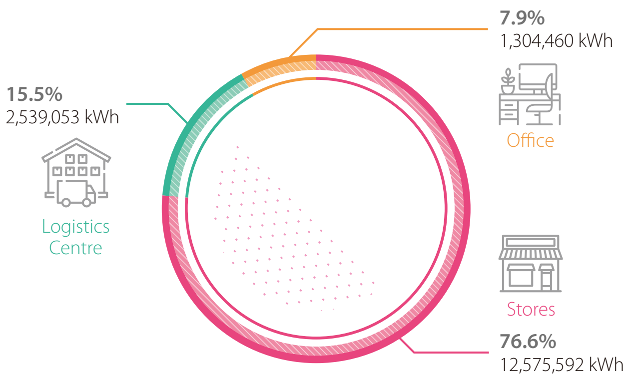


GHG Emission by Scope 1,2,3



Scope 1: Direct GHG emissions
Company-owned transport fleet and employee-owned vehicles used for business purposes
Scope 2: Electricity indirect GHG emissions
Electricity consumed in our stores, headquarters and logistics facilities
Scope 3: Other indirect GHG emissions
Paper disposal in landfill, business air travel, fresh water supply and sewage treatment, and transport fleet owned by external logistics operators

Energy Consumption by Facility Type



2020/21
Electricity consumption:
▼ 14%
vs 2019/20 level

2020/21
Electricity intensity:
313 kWh/m^2

Conserve Water

Sa Sa's operations are not water intensive and represent just 0.03% of our carbon footprint, but we still actively monitor our water consumption. We have placed signs next to the water faucets to remind our staff to conserve water.

CLP Recognised Sa Sa's Effort in Saving Energy

CLP's Peak Demand Management programme aims to encourage Bulk or Large Power Tariff customers to reduce electricity consumption during peak demand hours. As a supportive participant, we rearrange our operation schedule to help whenever it is necessary.

Minimise Waste at Source to Support Our City's "Zero Landfill" Target

The HKSAR Government has set a long term goal of "zero landfill" to achieve in 2035. Sa Sa is committed to handling waste in a more sustainable and low-carbon manner to help our city to achieve this goal. During the year, we continued to implement our strategy to reduce, reuse and recycle across our logistics centre, retail stores and offices, in an effort to minimise waste disposal to landfill.

We understand that a substantial source of our waste comes from the packaging materials that protect our products during transportation: most of the products we procure are first sent to our logistics centre before being distributed to individual retail stores. While exploring new ways to lessen the waste generated through this distribution and delivery processes relentlessly, we have employed a number of measures to reduce, reuse and recycle in our logistics center.

Reduce

- Continuous evaluation to identify opportunities for reduction of packaging materials, e.g., we began to use double instead of triple wall corrugated carbon box to reduce waste. Although each box is 31% lighter, it still protects products well.
- Pallet wrap machines are employed to reduce stretch film consumption in the wrapping of loaded pallets for transportation.
- Whenever our stores replenish our 20 best-selling products, the order must be a multiple of the quantity contained in a carton box to avoid the need for re-packaging. Not only does it benefit the environment, it also saves us time and cost too.

Reuse

- Each carton box is used on average four times before being recycled.

Recycle*

- Our recycling service provider collects and recycles our used cardboards, stretch film and pallets.

Carton box recycled:

95.6 tonnes
(YoY change: -35%)

Wooden pallet recycled:

0.7 tonnes
(YoY change: -85%)

Stretch film and air packing recycled:

3.7 tonnes
(YoY change: +16%)

* Affected by COVID-19, our recycling performance dropped.

Our Environment

Proper Waste Classification and Handling

Waste classification is important in the development of a robust waste management system. Damaged or expired goods which need to be disposed of are classified into solid, liquid or chemical waste and are disposed of in the following manner:

- When we reached a certain quantity of solid and liquid waste, we submit a Disposal of Special Waste at Landfills Admission Ticket to the Environmental Protection Department. The waste is only sent to landfill through our service provider after we receive approval. In 2020/21, we disposed 13.9 tonnes of solid waste (e.g. paper masks) and 21.1 tonnes of liquid waste (e.g. shampoo).
- When our chemical waste (such as perfume) reaches a certain quantity, we notify the Chemical Waste Treatment Centre (CWTC) to make arrangements for disposal. This year, we disposed of 3.5 tonnes of chemical waste.

Responsible Waste Management at Stores

While our waste management working group will continue to coordinate the waste reduction effort across our stores, the below are some measures in place:

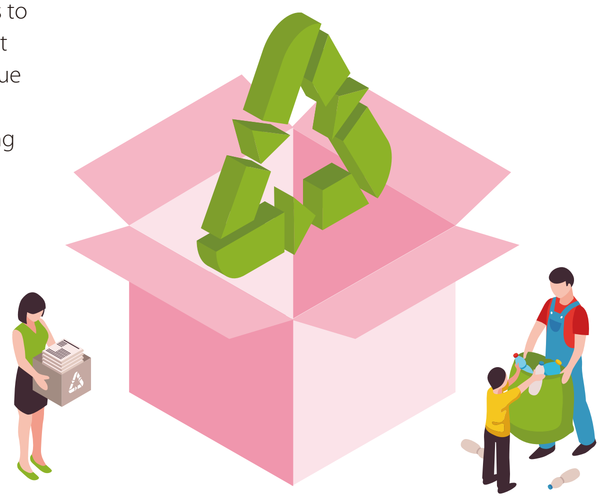
- Offer incentives to reinforce reduce, reuse and recycle at stores.
- Coordinate with relevant property management companies and cleaning service providers to facilitate recycling efforts.
- Return carton boxes from stores to logistics centre for reuse purpose.
- Deliver orders to stores in suppliers' carton boxes to save carton boxes.
- Provide our subcontractors with guidance to ensure that waste generated during renovations should be properly handled by authorised waste disposal vendors.

Lessen Our Customers' Impacts on the Environment

We are in compliance with the Product Eco-Responsibility Ordinance (Cap. 603) of Hong Kong and the Restrictions on the Supply of Plastic Bags (Law No. 16/2019) of Macau. For every shopping bag*, Sa Sa charges customers HK$0.50 in Hong Kong and MOP$1 in Macau. During the year 2020/21, Sa Sa distributed around 1.04 million plastic bags to its customers, 26% less than last year. While we saw more customers brought their own shopping bags, the reduction also demonstrated COVID-19's impact on the number of transactions this year. With the inclusion of Macau's transactions this year, the average number of shopping bag per transaction was 0.15, a 12% reduction as compared to the previous year. Under Sustainability Steering Committee, our Shopping Bag Working Group is actively looking into ways to actualize 50% reduction of plastic shopping bags by 2025.

Since 2015, we have invested around HK$4 million to inspire our people and community to preserve the beauty of our planet among employees and consumers every year. Over HK$1.1 million of this green investment was from the plastic bag levy collected.

We took precautionary measures and postponed most green activities to avoid mass gathering during this pandemic. However, COVID-19 didn't stop us to promote environmental awareness. Not only did we continue to support Greeners Action to give second life to Hong Kong's red packet, we also teamed up with iRecycle to encourage proper recycling in our community.



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

Provide Convenience to Customers in Recycling Their Red Packets

This financial year was Sa Sa's eighth consecutive year to sponsor and participate in the Red Packet Reuse and Recycling Programme organised by Greeners Actions. Impressively, this year's result doubled last year's – we collected 3,899 kg of red packets across our offices and 50 selected stores after Chinese New Year. With an average of 400 red packets per kilogram, this amounted to approximately 1,559,600 red packets, equivalent to saving 79* trees.

2x more than last year	50 collection points	3,899 kg of red packets in 2020/21	79 trees saved

Regardless of the COVID-19, the recycling awareness in Hong Kong has continued to grow. Witnessing this exponential growth has further motivated us to act faster in contribute to Hong Kong's circular economy by making our packaging more sustainable.

Mr Angus Ho and Ms Man Yip from Greeners Action verified the total quantity of the red packets collected with our Senior Manager, Mr Jacob Wan

Sa Sa x iRecycle: Monthly Giveaway to Promote Proper Recycling

iRecycle is a brand new mobile application to encourage the public to separate at source and recycling through redemption. To increase the public awareness of clean recycling glass and plastics (type 1 and 2) bottles, we have recently teamed up iRecycle to boost Hong Kong's recycling rate by sponsoring their monthly giveaway program. The registered users can earn iDollar by recycling properly at their designated collection points and then use their earned iDollar to redeem Sa Sa's gifts every month.

Digital Transformation to Save Paper

Aiming to reduce our paper usage by 50 percent as compared to 2014-15 baseline levels by 2025, our latest move is to digitalise some of our internal processes to go paperless. For example, our recent upgrade of Human Resource Management System has help us save at least 500 pieces of paper a month. Other existing efforts to save paper include installing more paper recycling bins, printing out the documents only if printer detects the presence of staff card, encouraging frontline staff to read them on devices and minimise the weekly circulation materials.

Although we have reached the paper reduction target of 50% this year our paper working group will review to set a new target for 2025.

No Single-use Utensil at Sa Sa

Although Sa Sa colleagues are used to the "bring-my-own-utensils" culture, the Company provides re-usable dishes and utensils to sustain our "no single-use utensils" campaign in our internal social gatherings.

* According to the organising group, 320 million red packets are equivalent to cutting down 16,300 trees. And therefore 1,559,600 red packets are equivalent to 79 trees.

Electronics Donation for the Environment and People in Need

We collected 162 items from the office and from colleagues' donations for recycling through Caritas Computer Workshop this year. The organisation will then refurbish all the donated corporate computers for community distribution.

Cultivate a Strong Sense of Corporate Sustainability

Traditionally, we would hold green events and activities to help our coworkers acquire the practical environmental knowledge and advice they need during Sa Sa Green Month in November. Due to the COVID-19 preventive measures, we could only engage our staff online and through donation. For example, we recorded and shared a series of upcycled art and craft workshops within the Company to celebrate Chinese New Year while inviting everyone at Sa Sa to donate mooncakes to Food Angel prior to Mid-Autumn Festival.

Additionally, we continued to leverage on several internal communication channels to share Sa Sa's environmental commitments, aspirations and challenges with our staff:

- Share environmental news and daily green tips with all staff quarterly.
- Updates on environmental policies and procedures are circulated internally through various digital means.
- All new hires receive training on Sa Sa' s environmental policies to learn about the company' s ethos and how everyone can play a part in minimising our operations' environmental impacts, sharing our commitment to preserve the beauty of the planet.

Promote Sustainable Supply Chain

Sa Sa is committed to addressing the environmental and social impacts of our business within our operations and across our supply chain. We trust operating a sustainable business will enable us to serve our customers for generations to come. Operating over a hundred retailer stores in Asia, we also aspire to use our influence to engage our stakeholders to promote sustainable supply chain and thus strengthen the resilience of our business.

Climate Change Mitigation

Sa Sa believes mitigating the effects of climate change requires every stakeholder in the supply chain to do their parts too because most emissions of the retail sector indeed are from the product supply chain rather than stores or logistics centers. Thus, we have committed to pursue ambitious emissions and waste reduction to inspire those across the product supply chains to join us. Due to the complex nature of supply chain, we also continue to work with suppliers, NGOs, customers and others to contribute to create business, social and environmental values through building a sustainable supply chain together.

Choose the Right Partners Referencing to International Standards

We encourage our suppliers to adopt responsible and sustainable practises with respect to a range of environmental and social issues outlined in our Responsible Product and Supply Chain Policy. We have included these expectations in our current ISO-certified process of engaging with new suppliers. This process gives preference to suppliers which integrate considerations for environmental conservation, protection of endangered species, protection of labour rights and welfare, equal opportunities, non-participation in animal testing, and responsible sourcing into their own operations. When selecting logistics partners for the distribution of goods from our central warehouse to our stores, environmental protection is one of our selection criteria.

100%

Completion of New Vendor Evaluation

Responsible Product and Supply Chain Policy

Source Responsibly in the Pursuit of Beauty

As part of our commitment to the quality of our consumer products, it is important that we take into consideration their environmental impacts. One impact attracting global scrutiny is plastic waste: a devastating problem for the world's oceans and marine life. We are concerned about the use of plastics in our business operations and have implemented measures to reduce the impact on biodiversity and the environmental, thereby preserving the beauty of the ocean.

We are committed to maintaining high quality of our products

In 2016, Sa Sa introduced a policy to ban the use of microbeads* in all our cleansing and exfoliating products by the end of 2018, regardless of whether the products are manufactured or distributed by us. This allowed us to join hands with our customers in protecting marine life and people's health. Sa Sa was among the first cosmetic retailers in Hong Kong that pledged to phase out the use of microbeads in the cleansing and exfoliating products we carry. This exemplary move set an example for industry peers to follow, and fostered discussions among Government and industry to regulate the sale of these products.

Sa Sa seeks to maintain a balance between providing quality products for our customers to pursue their personal beauty and preserving the beauty of the ocean. We would continue to monitor international studies on the environmental impacts of personal skincare and cosmetic products and regularly review our policy.

Key Achievements in 2020/21

Sa Sa is Recognised as "Hong Kong Green Organization"

Aiming to benchmark organisations in green management, the Hong Kong Green Organisation Certification (HKGOC) is organised by the Environmental Campaign Committee together with the Environmental Protection Department and main chambers of commerce in Hong Kong. It is also a prestigious certification scheme with high credibility that encourages participants to strive for self-improvement in adopting environmental practises in different environmental aspects. The recognised green organisations will be granted the title of Hong Kong Green Organisation (HKGO).

We are grateful to receive such honour that recognises Sa Sa's contributions to environmental protection and sustainable development in Hong Kong in addition to the winning of the 2019 Hong Kong Awards for Environmental Excellence (HKAEE) Gold Award in the Retailer Sector category in May 2020.

Sa Sa's Next Step

To further advance resource efficiency at Sa Sa, we plan to:

- Continue to look for opportunities to lessen our carbon footprint and resource wastage across the Company.
- Fasten up in implementing sustainable packaging.
- Conduct a climate change impact scenario analysis to better understand the nature of climate change and its potential implications for the retail sector.
- Develop Supplier Sustainability Risk Assessment.

* Microbeads are plastics of less than 5mm in length or diameter. In the past few decades, microbeads were widely introduced in cleansing and exfoliating products for facial and body use. Recent research studies showed that microbeads put marine life and people's health at risk. Some countries and multinational brands have banned, or are taking steps to eliminate, the use of microbeads in exfoliating and cleansing products.

Support Our TALENTS

To create beautiful experiences for our customers, we must first build beautiful experiences for our talents. Aiming to empower every talent to realise their full potential to grow and shine, Sa Sa has for years spared no effort in equipping our talents with relevant skills and opportunities to become the leading lights of the cosmetic retail sectors.

Key Challenges

1 **Retail opportunity**
- Economy uncertainty brought by coronavirus continues to cloud the growth Hong Kong's retail industry

2 **Staff engagement**
- Transforming staff to evolving needs and supporting employment with limited resources without compromise is challenging

3 **Workplace wellness**
- Expectations on work-life balance and workplace health and safety are even higher after the pandemic

Beautiful Ambition: SASA 2025

Our Commitment

- Galvanize talents to reach their full potential
- Enhance staff engagement and communication
- Foster workplace wellness

Our Target

- Cultivate a high-performance culture
- Nurture a vibrant and diverse workforce with robust training and succession plan

Our Progress

In 2020/21, we had:
- 60 staff members graduated from the Junior Beautician Trainee Programme
- first launched our KOL Training Programme

Our Key Development This Year

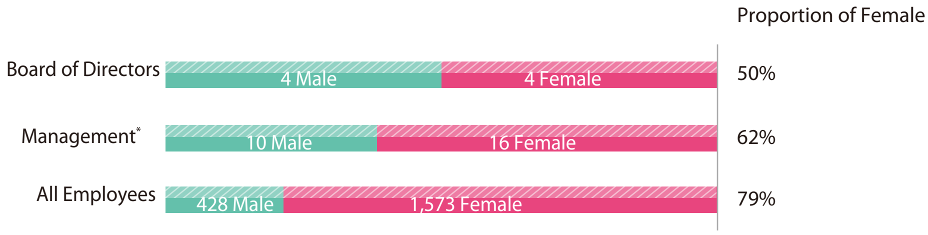
- Our effort in developing talents in this industry continued to be acknowledged
- Signed the Mental Health Workplace Charter to help build a mental health-friendly society

Employee Profile

Employee numbers by employment type

Employee numbers by age group

Employee numbers by gender



Employment Policy

Training and People Development Policy

Health and Safety Policy

Galvanise Talents to Reach Their Full Potential

Our talents are the very heart of Sa Sa. Our business and future rely on these ambassadors of ours. For Sa Sa to flourish and shine, we are committed to making life beautiful for our talents, and so they feel connected to our vision and can actively contribute to our shared success. We thus offer diverse opportunities for them to learn and thrive, gain confidence and satisfaction, and take pride in carrying out their roles.

Transform from Dreamer to Beauty Expert

Growing Sa Sa's professional beauty consultants is one of our key missions. We take it seriously to train those who aim to devote to the cosmetic and retailing industry, providing our customers with excellent service and realising our "Making Life Beautiful" vision as well as long-term business goals.

We have well-established learning and development plans and programmes to ensure our staff to embrace the knowledge and skills to fulfil their potential and serve with heart. We provide a clear career development path for our frontline talents. On average, it takes six years for a Sales Trainee to become Assistant Shop Supervisor, Shop Supervisor or Sales Supervisor.

* For the purpose of this ESG report, the "management" refers to executive directors and senior management on page 49-51 and 55 of this annual report, and all department heads, department directors and associate director.

Frontline Development Path

Outstanding Big Sister and Brother/Shop Trainer

Core 30 hours | Advanced: 3 hours | Total: 33 hours

Big Brothers and 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.

Big Sister and Brother

Core: 18 hours | Advanced: 3 hours | Total: 21 hours

Aiming to develop our experienced colleagues into coaches to train junior colleagues, this scheme enables the transfer of valuable knowledge and mentorships to junior staff. While each Big Brother or Big Sister will guide one or two of their junior colleagues, through coaching, our Big Brothers and Sisters can also acquire new skills to prepare themselves for the shop supervisor role. Currently, we have over 200 Big Sisters and Big Brothers in Sa Sa.

Beauty Consultant

Core: 35 hours | Advanced: 37 hours | Total: 72 hours

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

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

Junior Beautician Trainee

175 hours

We hire candidates with one to two years of work experience for this role, and provide 6 months' training which includes:

- Make-up techniques
- Sales techniques
- Practical English
- Customer service
- Product knowledge

Sales Trainee

80 hours

We target high school graduates with no prior work experience in similar roles. The 4-month training includes:

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

This year, 60 staff members completed the curriculum of Junior Beautician Trainee during the year and are ready to spread their wings in their beautiful career.

Incubate Sa Sa's Future Leaders

Sa Sa is dedicated to training university graduates and senior members of staff with the potential to become future leaders at Sa Sa, *making life beautiful* under the company's mission.

Management Trainee (MT) Programme

Established in 2004, Sa Sa Management Trainee Programme is a 24-month fast-track programme designed to develop our future retail operation leaders. It is designed for fresh graduates who are to unleash the potential in a dynamic and team-oriented environment.

To ensure they are equipped with both technical and business acumen exposure to contribute further responsibilities, they are not only involved in frontline operation but also in headquarter. Depending on their interests, they will be assigned to cross-functional projects to develop problem solving, communication and leadership skill. While we offer mentoring and coaching to each MTs throughout the programme, they also have frequent opportunities to meet with our senior management team.

MT Programme Caters to Different Aspirations of Future Talents

Sales & Operations
- Retail shop operation focus
- Deep insight on products and customer relations management

Marketing, Category Management and Product Development
- Product sourcing and management focus
- Opportunity to gain insight in operation and product buying

Logistics
- Business and process optimization focus
- Chance to engage in projects aiming at best in class fulfilment solution

Finance and Accounting
- Principally finance and accounting focus
- Exposure to all aspects of transaction and financial reporting

Placement Opportunity outside Hong Kong

Staff with proven skills that we think could be replicated overseas would have an opportunity to be placed overseas to assist with the business development in other markets to broaden their horizons. In the past, staff have been placed in China, Macau and Malaysia.

Corporate Successor Programme

Sa Sa values staff as our major asset, to nurture them, we have recently launched a Corporate Successor Programme. Department heads select appropriate middle management staff to attend structural programme developed by our Training and People Development team, this is to boost their performance to climax and equip them to become the company's future leaders.

Continued Education and Professional Development

Sa Sa provides upskill training to help our talents acquire professional qualification and become the most all-rounded talents in the beauty industry. In this way, we raise the bar for the wider cosmetic retail sector and have others to follow us. We also partner up with post-secondary institution to attract and nurture talents for our industry.

Recognition of Professional Qualifications under Qualification Framework

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 (RPL*) programme, a mechanism under Qualification Framework (QF). 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 has successfully applied for the QF accreditation recognised by the Hong Kong Council for Accreditation of Academic and Vocational Qualification (HKCAAVQ) in July 2019.

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

The Four Subjects that Are Recognised under QF:

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

E-Learning Platform

Sa Sa Beautiversity is an internal multimedia training e-platform to ensure our talents are attuned to our customers' ever-changing needs and expectations and are continually equipped to serve them with heart.

Continued Education Subsidy

In addition to the structured training programmes offered by our Training and People Development and Human Resources department, a subsidy of HKD10,000 or 30% of their salary is offered to each employee for pursuing courses of their choice**.

Incubate the Next Top KOLs

At the core of Sa Sa's people strategy, we place top priority on equipping our staff for the ever-changing consumption environment with tailor-made training programmes. To cope with the rapid growth of social commerce, our Training and People Development Department has developed KOL Training Programme to transform our beauty consultants to Sa Sa KOLs.

With an ultimate goal of providing better personalised service for our customers, the KOL Training Programme puts a strong emphasis on personal style establishment, increasing interactivity with online audience and building a steady pool of loyal fans on social media. The future KOLs cultivate presentation skills that ignite their creativity in introducing products online in this programme too.

* Assessment under the RPLK in Retail and Beauty Industry are conducted by the Vocational Training Council.

** The conditions supplied are that:

a. The course should be deemed relevant to their duties by their supervisors.

b. If an individual's employment with Sa Sa is voluntarily terminated within 12 months after reimbursement, it becomes the individual's obligation to pay back Sa Sa any monies received through the subsidy during the 12 months' period preceding the termination date.

Make Sa Sa a Beautiful Place to Work through Engagement, Remuneration and Wellbeing

At Sa Sa, we acknowledge that our business grows stronger when we invest in our talents. We actively seek to infuse the pursuit of beauty into different aspects of our employees' experience, from their compensation and benefits to our workplace and internal communications. Our ultimate goal is to make Sa Sa the perfect workplace where everyone in this big corporate family feels valued and supported to deliver their best to make every day beautiful for Sa Sa including themselves and our customers.

Staff Engagement

Listening and learning from first-hand experience is precious; our management take their insight into the account of developing new business strategies. Two-way internal communications via different channels to engage our staff. With this, we understand their needs and expectation in order to provide adequate and immediate responses.

Channel	Participants	Details
Board meetings	Board of directors	We held five board and 20 board committee meetings this year to ensure that the interests of major stakeholders were addressed and key strategic priorities were clearly defined.
Management meetings	Management team	Monthly management meetings ensure continuous alignment of operations to the Company' s strategic priorities and weekly meetings involving core business units ensure continuous alignment of efforts between business units.
Objective communications meeting	All frontline staff, and senior and middle management from the office	An annual meeting where all frontline staff from over 100 shops of Hong Kong and Macau led by different line managers gathered to interact with senior and middle management from the office, to share major strategic directions for the year and reinforce the support provided by the backend office to the customer-facing frontline.
Supervisor meetings	All shop supervisors and representatives from key business units	All shop supervisors and the management team met monthly so that regular realignment of priorities could be discussed and followed.
Line meetings of each Operation Managers	Frontline staff, heads or representatives from core business units in the office	Led by operation managers, we held line meetings for three times this year to enable shop staffs to meet and exchange ideas and share experiences.
Internal Newsletters	All staff members	We send an internal e-newsletter to share ESG updates to all staff members every quarter and all frontline staff every month.
Staff Recreation Club	All staff members	All staff members are invited to join a broad range of recreational activities each year, such as movie night, barbecues, and cooking workshops.
ESG workshop and activities	All staff members	We organise various green-themed activities every year to inspire our staff members to care for our environment.

Remuneration and Benefits

We review Sa Sa' s remuneration package annually. We offer discretionary bonuses as well as sales bonuses, commissions, share options, and share awards to reward superb performance. Relevant details are set out in the Employment Policy and Employee Handbook.* In the financial year 2020/21, the Group invested around HK$6.46 million in employees compensation and benefits, representing about 21% of annual sales turnover of the entire Group.

To evaluates staff welfare policies effectively, our human resources department regularly meets with frontline staff from time to time to gather their feedback and report their views to the management team.

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Foster Employee Wellness

Work-Life Balance

To minimise the risk of COVID-19, we had not hold any recreational activities outside of work to help our people to relax and unwind this financial year. However, recognising the importance of nurturing a mental health-friendly work environment, Sa Sa has recently signed the Mental Health Workplace Charter to join hands with the Government and other organisations to make concerted efforts to build a mental health-friendly society in the long run. We are introducing measures and organise activities to further promote work-life balance, inclusiveness and positivity at Sa Sa starting next financial year.

Sense of Sa Sa Family

Sa Sa hopes that each colleague can work happily, feeling that working at Sa Sa is as warm as 'home' to achieve the goal of 'Joy at Sa Sa' and 'Flying High'.

Monthly Birthday Lunch Party

Sa Sa believes creating a harmonic work environment for our staff is a way to enhance a sense of belonging. It is our tradition to hold a monthly birthday lunch in which a lot of us look forward to joining because of the delicious meal and cake prepared by our in-house chef.

During this pandemic, for the safety of our staff members, the Company pampers every birthday star with a slice of cake selected by the birthday star and a gift bag with complimentary beauty products instead.

Mooncakes for Mid-Autumn Festival

Like family, Sa Sa celebrates festive seasons too. Our Chairman and Vice-Chairman sent their warmest greetings to each department, including frontline and back-office staff, with boxes of mooncakes to share the festival joy.

Team Building Fund

As a token of appreciation for their hard work, Sa Sa sponsors every department to organise their own annual activity for team building purpose.

* Which includes:

a. Recruitment, remunerations and welfare
b. Performance reviews and promotion
c. Working hours and rest periods
d. Staff dismissal and end of contract arrangements

Safe, Healthy and Inclusive Work Environment

Led by the head of human resources together with members from various departments, the Health and Safety Committee is responsible for monitoring the implementation of Sa Sa's Health and Safety Policy. The policy sets out the roles of employer and employees in maintaining a safe and healthy work environment and is reviewed periodically to ensure regular updates and improvements. To minimise workplace injury, we also include a module on workplace safety in our staff induction. In 2020/21, there was zero non-compliance with health and safety regulation.

Protect Our Talents from the COVID-19

The safety of our talents matters. During this unprecedented time, we have implemented many measures to keep them safe, healthy and supported, including:

- Offer all our staff with high quality, disposable face masks to wear and hand sanitisers to use at work.
- Supplied daily necessaries, such as, rice, tissue rolls and hand sanitisers, to ensure our people are fully geared to fight against this coronavirus.
- Reserve quota for our staff members to buy face masks to cater the needs of their family members.
- Clean and sanitise common areas frequently.
- Developed a series of anti-pandemic training booklets to better equip everyone with practical tips to fight against the virus.
- In-house chef prepared lunch for on-duty staff in the office when the 3rd wave of COVID-19 hit us.
- Follow the Government's mandatory quarantine measures for those who travelled outside Hong Kong and encourage healthy hygiene habits as guided by Centre for Health Protection.
- Mandatory taking of body temperature for twice every day.
- Remote office arrangement and shift duty policy are applied to the vulnerable groups at work.
- Special seat arrangements are applied to our offices while monitoring and metering is applied to our stores.
- All stores are closed by 9 p.m.
- Provide incentives to encourage staff to take COVID-19 testings regularly and get vaccinated.

For any suspect or confirmed cases of COVID-19, the affected premise will be immediately disinfected and closed down for two weeks. Sa Sa also sends care packs to staff and family who are sent to quarantine centres.

Pursue Respect and Fairness

We believe the different experiences and skillsets of our staff innovate us better serve and engage our diverse customers and communities. Thus, Sa Sa is also committed to creating and maintaining a fair and inclusive workplace. The Employment Policy* clearly states the importance of maintaining an inclusive and harmonious workplace that is free of discrimination, physical or verbal harassment against any individuals with regards to race, religion, colour, gender, physical or mental disability, age, birthplace, marital status, sexual orientation or any other status protected by applicable law.

While Sa Sa' s anti-bribery policy and practices** help to ensure a fair and upright work environment, our staff members are required to have related training*** regularly. We recorded zero noncompliance incidents relating to anti-corruption and bribery during the year. Our Internal Audit and Management Services department is responsible for the implementation of the policy. More details can be found in the Enterprise Risk Management Report.

Key Achievements in 2020/21

Honoured with Education Bureau's "QF Gold Star Employer"

Sa Sa garnered the "QF Gold Star Employer" under the "Qualifications Framework (QF)" Scheme launched by the Education Bureau of HKSAR, in appreciation of our contribution to the Scheme and the active application of QF tools and supporting mechanisms in different aspects to enhance our quality of human resources, leading to the sustainable talent development.

Sa Sa's Next Step

To continue to have our talents feel respected and empowered at Sa Sa, we plan to:

- Revamp Sa Sa's e-platform Beautiversity to make internal training more accessible to every level of our staff members.
- Continue to collectively and systematically review and formulate initiatives to improve employee retention and wellness through the talent development working group and health and safety committee.

* We condemn all forms of exploitation of children, do not recruit child labour, and adhere to the minimum age provisions of applicable laws and regulations. The Company also supports the elimination of all other forms of forced, compulsory or bonded labour.

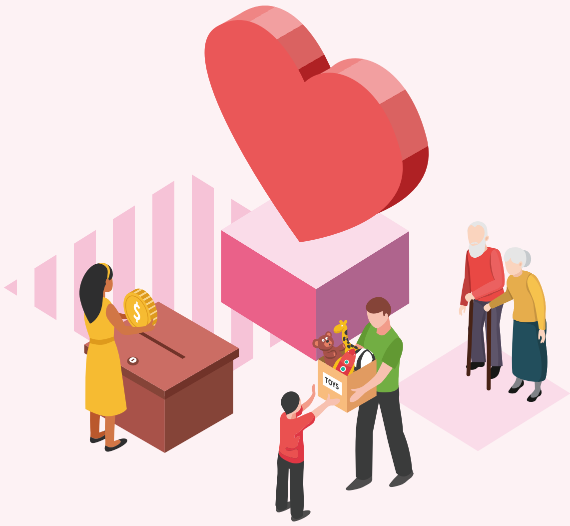
** Our Whistleblowing Policy provides the necessary mechanisms for employees to report misconduct within the company. Our Gifts and Entertainment Policy, Conflict of Interest Policy and Guidance on Prevention of Bribery Ordinance manage and prevent possible bribery and conflicts of interest.

*** The Human Resources Department co-organized an integrity management seminar with the ICAC for our staff members to join virtually this year.

Our Community

Achieve Sustainable GROWTH

A thriving community is a prerequisite to the success of our business as it provides the markets, resources and infrastructure that support our business to flourish. As a socially responsible corporate citizen, we must strive for sustainable growth to help bridge economic, social and environmental gaps.



Key Challenges

1 Community stress and resilience

- The rapid proliferation of COVID-19 has stressed everyone out, especially the vulnerable groups who are with less physical and financial support

2 Gender equality

- Support equal opportunities and rights for female is part of the UN's sustainable Development Goals (SDGs)

3 Millennials call for responsible companies

- Ignoring the rising expectations of the millennials on social responsibility when we conduct business means we are at risk of losing our appeal to them as their potential employer, beauty expert or community partner

Beautiful Ambition: SASA 2025

Our Commitment

- Bloom with community
- Capture the sustainability trends and opportunities
- Strive to be a responsible business

Our Target

- A 10% increase in volunteering hours each year
- Partner up with different stakeholders to unleash innovation for sustainability

Our Progress

In 2020/21, we had:

- corporate donation and sponsorship of HK$3.07M
- three new ESG strategic partnerships

Our Key Development This Year

- Sa Sa Making Life Beautiful Charity Fund donated HK$1.81 million in 2020/21 to foster social harmony by empowering the people in needs
- Partnered with three new ESG stakeholders such as iRecycling for sustainable development
- Sasatinnie launched clean beauty products

Join Hands to Inspire Beauty in Our Community

Empowering our community to make life beautiful is our responsibility and a tradition long embraced by Sa Sa. We support the development of communities throughout our business operations, tapping into the resources we have, as well as engaging the talents of our people and the expertise of our community partners.

Empower Women to Make Life Beautiful for Themselves

About 80% of Sa Sa's employees are women, and most of our sales trainees are secondary school graduates without any prior work experience. Their career choices might be limited by not having a formal qualification from a tertiary education institute. We offer them comprehensive on-the-job training, and a clear development path, with the potential to progress from a sales trainee to a junior Beautician Trainee, then become a beauty consultant, senior beauty consultant, big sisters or big brothers, assistant shop supervisor, shop supervisor, and finally operation manager. For our talents whose education level is not high, what we provide is not just a job. At Sa Sa, our talents not only gain confidence to shine for life but also a profession with prospect and a life-long career path.

Forbes Asia's Hero of Philanthropy

Forbes Asia has named our Co-founder and Vice-Chairman Dr Eleanor Kwok as one of the Heroes of Philanthropy List 2020 in the Asia-Pacific region, recognising her tremendous contribution to society and philanthropy, in a wide range of areas including elderly care, social services, healthcare, education, women empowerment and nature conservancy.

Over the years, Dr Kwok has given away more than HK$70 million (US$9 million) to support numerous charitable causes. This includes HK$47 million to Po Leung Kuk, which was founded during the 19th century as the Society for the Protection of Women and Children. She has been also a Vice-President of the Hong Kong Girl Guides Association (since 2012), the Honorary President of the Hong Kong Federation of Women (since 2005) and the Committee Member of Hong Kong Federation of Women Entrepreneurs Committee (since 2004).

During this pandemic, Dr Kwok has made personal donation to various non-profit organizations to bring hopes and encouragement to the people in needs too.

The Annual Heroes of Philanthropy List of Forbes Asia encompassing entrepreneurs as well as altruists recognises their personal fortunes to charitable causes in the Asia-Pacific region. This year, 15 philanthropists, are selected.

Create Social Impact Through Employee Involvement and Charitable Giving

Every Sa Sa store is a part of a community. To return the tremendous love and care we receive from our supporters sincerely, Sa Sa has a long-standing commitment to support, uplift and add value to our community. We actively collaborate with community organisations to aid people and families in need to rise above the challenges and difficulties they face in life. Our community involvement and investment cover a wide range of social needs with a main focus on women empowerment, youth development, elderly care and public health.

Although we did not arrange any volunteering events for employees to contribute during this pandemic year, Sa Sa did not stop giving back to the community. Aside from making corporation donation of HK$1.81 million, we contributed over HK$1.27 million to sponsor 28 worthwhile causes. While half of them were about anti-epidemic products we donated to health care professionals and non-profit organisations, the rest of them were about virtual charitable events in which we had a total of 226 employees to join as well.

Pink Run.HK 2020

Po Leung Kuk CNY Year of Ox Charity TV Show

Hong Kong Girl Guides Raffle 2021

Love Teeth Day by 2020/21 The Community Chest

Our Community

Bridge the Generation Gap

Sa Sa has been working with its long-time partner, Po Leung Kuk, to give back to the community through its STEAM (Science, Technology, Engineering, Arts and Mathematics) programme platform, which promotes inter-generational interaction and a positive message of inter-generational inclusion. The programme is designed to promote inter-generational interactions and positive messages.

As a result of the coronavirus outbreak, our company ambassadors worked with social workers to guide the young people of the project to organise online activities, produce short videos on mobile phone usage and teach them to share their lives with friends and relatives using their mobile phones, so that the elderly could continue to learn and enrich their lives while staying at home to fight the pandemic. Our ambassadors also helped to organise the Evergreen Drama Club, which helped the youth and elderly to brighten up their lives on stage through drama and make-up.

After being introduced to the project, participants got a taste of VR technology and they tried to combine technology and drama to create an interactive video. For the audiences, they were able to choose the plays with different endings to reflect on their relationship with their family members and cherish their love.

Honour the Elders and Medical Workers in Our Community

Sa Sa cares about our community as always. During the 4th wave of the pandemic recently, we, together with PandaMed and KPM Health Limited, have donated 500 sets of COVID-19 rapid test to The Elderly Services Association of Hong Kong, distributing to 18 elderly centres for elders and medical workers.

Bring Hope to Students in Need

Last Christmas, Hong Kong's artist Pakho Chow launched a colour anti-epidemic charity campaign "Coronavirus cannot push kindness away" together with Medeis™ to help students with physical disabilities survive this tough time. For each box of masks sold, Sa Sa immediately donated one pack of Medeis™ masks to Po Leung Kuk, Hong Kong School for Special Disabilities, and other voluntary organizations. At the end, we donated over HK$1 million in retail value of Medeis™ masks.

Environmental, Social and Corporate Governance Policy

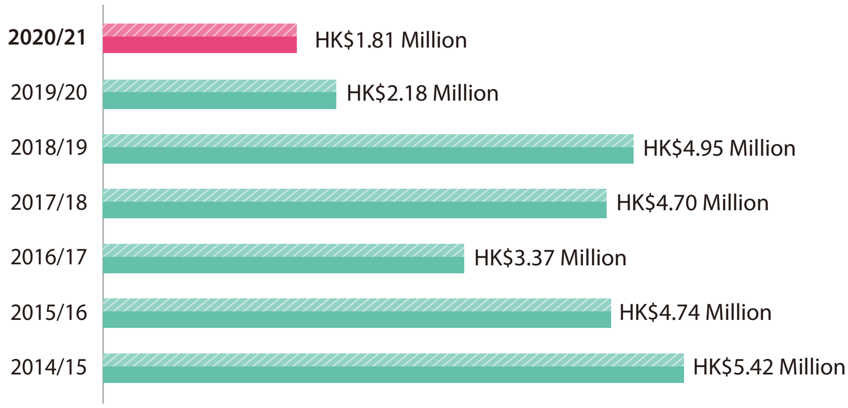
Sa Sa Sincere

Sa Sa Sincere is the corporate volunteer team aims to bring colleagues who share the passion of caring for the community together to make a difference in our society. To encourage staff to join us, our colleagues and their family and friends are awarded certificates of attendance and supermarket coupons as our token of appreciation for their support.

Consisting of representatives from different departments, our Charity Committee acts as a platform for exchange of ideas on how we may work together to create more positive impacts in the community.

Sa Sa Making Life Beautiful Charity Fund

Sa Sa recognises our community contributes to our success. Since its establishment in 2013, Sa Sa Making Life Beautiful Charity Fund has been relentlessly providing financial assistance to empower the people in need and foster social harmony in our society. Under the leadership of our Chairman Dr KWOK Siu Ming Simon and Vice-chairman Dr KWOK LAW Kwai Chun Eleanor, the fund donated HK$1.81 million in 2020/21 to worthy causes promoting the wellbeing of the community.



Stay ahead of Trends and Opportunities for Sustainability

As a leading cosmetic retailer, Sa Sa has been staying on top of the market. Not only do we provide our customers with the latest cosmetic and beauty products, before the rise of ESG trend, we have also been developing ourselves as a forerunner in Hong Kong's cosmetic retail sector. Our efforts have brought us prestigious awards and ratings and set an example for other business to follow us. Reflecting from the below two bold moves of ours, as the society's expectations of business increases, to shine and glow for the next decade, Sa Sa must continue to keep ahead of the curve and capture opportunities for sustainability to create lasting impacts for our community in which we operate.

Sa Sa Overcomes the Difficulties with the Entire Industry

Being the leader of the cosmetic industry in Hong Kong, Sa Sa is dedicated to contribute to the growth and development of the entire sector. Recently, our executive director, Ms Kwok Sze Wai Melody, was re-appointed as the President of The Cosmetic and Perfumery Association of Hong Kong (CPAHK) for the second consecutive term at the 20th inauguration ceremony of CPAHK. She is also the first chairlady of the association.

Under Kwok's leadership, CPAHK has intensified its role as a bridge between the industry practitioners and the government to express the needs and views of the members, especially during the difficult times of COVID-19. Another key development is to assist the industry practitioners to drive digital transformation of their businesses to cater to the changing consumer behaviours in the digital era.

Microbeads: We Banned, Others Followed

2014: Discussed with Plastic Free Seas (ENGO) about the issue of microbeads
2016: Hong Kong's 1st cosmetic retail chain to introduce a policy to ban the use of microbeads by 2018
2018: Completed phase-out* of microbeads and others joined our movement
2019 and onward: Government is looking into ways to lessen the impacts of microbeads

Carry a Variety of Green Beauty Products

Back in 2016, we started featuring green beauty products at Sa Sa. Each year, we provide more and more green beauty products for our customers. This year, we have been internally looking into ways to empower our customers to know more about green beauty at a deeper level, and so they can have the beauty they want with the ingredients they choose.

Strive to Be a More Responsible Business

From environmental footprints to social impacts, investor demands and other aspects in between, businesses are anticipated to display responsible and responsible behaviour in these areas and be accountable to an ever-broader group of stakeholders. If we are behind in any aspect, we will lose two costly commodities: reputation and trust. To remain competitive in our sector, Sa Sa strives to be a more responsible and responsive business.

Our Sustainability Steering Committee works closely together with the Board to regularly review the progress of "Beautiful Ambition: SASA 2025" aiming to build a more sustainable, responsible and responsive business. Besides, to enable us to quickly respond to the needs and expectations of different stakeholders, we have implemented to incorporate ESG in Sa Sa's Risk Management Framework.

Sa Sa's Next Step

To achieve sustainable growth for our business and community, we plan to:

- Require annual ESG training taken at every level to further raise ESG awareness at Sa Sa and so our talents will incorporate sustainability in their work routine too
- Engage different stakeholders to unleash innovation for sustainability
- Inspire lasting beauty and harmony in our community with a focus on employee volunteering

* As there is currently no substitute for microbeads in cosmetic products like sunscreen, eyeshadows, eyeliners, lipsticks and foundation, the ban of microbeads applies to all cleansing and exfoliating products at present.

About this Report

The Scope of the Report

This is the eighth ESG Report of Sa Sa International Holdings Limited, covering Sa Sa' s progress and highlights in sustainable development from 1 April 2020 to 31 March 2021.

Unless otherwise stated, this ESG Report covers Sa Sa' s entities established in Hong Kong and Macau, including our online operations in Hong Kong. These markets represent the core of all our operations, contributing to more than 80% of the Group' s turnover in the year that ended on 31 March 2021.

The Standards and Assessment of the Report

This Report is prepared in accordance with the 'Comply or Explain' and 'General Disclosure' provisions in the ESG Reporting Guide, which can be found under Appendix 27 to the Listing Rules of HKEx. We confirm that this Report has adopted, and is in full compliance with, the 'Comply or Explain' and 'General Disclosure' provisions. Reference to the relevant KPIs can be found in the HKEx ESG Reporting Guide Content Index (pages 122 to 123).

Feedback

Readers are invited to share their thoughts and suggestions on our ESG Report or our sustainability performance by filling out the online survey, or emailing us at esg@sasa.com.

Beautiful Ambition: SASA 2025

This sustainability framework demonstrates our commitment to the United Nations Sustainable Development Goals and the action needed to tackle the problems facing our society today. We may have no perfect solution to every challenge identified and cannot succeed on our own, but we are committed to collaborating with different stakeholders to achieve continuous improvement and to be transparent about what we learn on this journey to sustainable beauty.

Sustainability Data Statement – Social[1]

	2018/19	2019/20	2020/21
Total Headcount	3,049	2,423	**2,001**
By gender			
Male	640	519	**428**
Female	2,409	1,904	**1,573**
By age group			
Under 35	1,635	887	**831**
36-55	1,282	1,184	**1,109**
Over 55	132	64	**61**
By employee type			
Full-time	2,653	2,262	**1,850**[1]
Part-time/Temporary	396	161	**151**
Average hours of training per employee and percentage (%) of employees who received training[2]	13.6 (59%)	19.7 (67%)	**13.5 (71.1%)**
By gender			
Male	12 (58.9%)	14.6 (51.4%)	**10.1 (51.2%)**
Female	14.1 (58.4%)	20.8 (70.9%)	**14.7 (69.8%)**
By employee category			
Management[3]	4.4 (33.3%)	4.3 (38.3%)	**5.1 (50%)**
Managers	2.5 (57.2%)	3.7 (52.6%)	**2.1 (50.3%)**
All other employees	15.7 (59.2%)	22.2 (68.4%)	**23.7 (74.4%)**
Fatality			
cases	0	0	**0**
Work-related injuries			
cases	35	30	**19**
Lost day due to work injury			
days	1,133.5	1,588	**903**
Average days of sick leave taken by employee per month			
days	0.25	027	**0.29**

	2018/19		2019/20		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
Total turnover rate[4]	36.5%	21.5%	35.6%	28.1%	**20.2%**	**19.8%**
By gender						
Male	16.5%	10.0%	34.9%	27.3%	**22.1%**	**21.0%**
Female	54.3%	31.8%	36.1%	28.4%	**19.6%**	**18.4%**
By age group						
Under 35	45.8%	29.0%	45.%	32.4%	**20.0%**	**17.8%**
36–55	27.6%	13.4%	23.1%	15.4%	**15.2%**	**14.8%**
Over 55	11.7%	11.7%	124.4%	137.8%	**15.1%**	**15.1%**

Data footnotes:

1 In line with our ESG reporting scope, the scope of social data only covers employees from Hong Kong and Macau operations.

2 "Training" refers to all types of internal and/or external vocational training; currently only full-time employees are covered; the average number of training hours is based on the number of employees as of 31 March 2021.

3 "Management" refers to executive directors and senior management on page 49-51 and 55 of this annual report, and all vice-presidents, department directors and associate directors.

4 Turnover rate refers to full-time employees only.

Sustainability Data Statement – Environment

		Unit	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	Baseline 2014/15
GHG emissions[1]		tCO_2e	**10,022**	12,074	14,897	15,867	17,216	17,916	19,498
Scope 1	Company-owned transport fleet and employee-owned vehicles used for business purposes	tCO_2e	**122**	170	156	151	159	148	137
Scope 2	Purchased electricity used in our offices, logistics centres and stores[2]	tCO_2e	**9,770**	11,675	14,364	15,303	16,619	17,511	19,063
Scope 3	Business air travel	tCO_2e	**0**	61	66	85	92	125	143
	Fresh water supply and sewage treatment	tCO_2e	**3**	12	10	16	17	19	18
	Paper disposal at landfills[3,4]	tCO_2e	**89**	86	88	99	72	112	137
	Transport fleet owned by the external logistics operators	tCO_2e	**38**	70	213	204	–	–	–
Carbon Intensity		kg CO_2e/sqm GFA	**191**	209	255	225	300	311	363
		kg CO_2e/HKD1m revenue	**5,012**	2,547	2,097	2,347	2,747	2,858	2,663
Electricity consumption		MWh	**16,419**	19,162	23,534	24,329	24,941	26,406	26,392
Stores		MWh	**12,576**	15,082	18,876	19,996	20,919	22,504	23,105
Offices		MWh	**1,304**	1,424	1,564	1,584	1,623	1,629	1,407
Logistics centres		MWh	**2,539**	2,656	3,094	2,750	2,399	2,273	1,880
Electricity intensity		kWh/sqm GFA	**313**	332	403	345	434	458	491
		kg CO_2e/HKD1m revenue	**4,885**	4,044	2,025	2,263	2,652	2,793	2,604
Water consumption		cu.m	**11,251**	19,517	16,198	26,495	28,495	33,515	30,691
Water intensity		cu.m/sqm GFA	**0.21**	0.34	0.28	0.38	0.50	0.58	0.57
		kg CO_2e/HKD1m revenue	**3.09**	4.12	1.34	2.30	2.67	3.03	2.44
Vehicle Fuel Consumption		'000L	**59,926**	84,628	130,697	127,364	140,458	54,323	50,119
Company-owned transport fleet and employee-owned vehicles used for business purposes		'000L	**44,556**	61,108	61,683	55,224	58,658	54,323	50,119
Transport fleet owned by the external logistics operators		'000L	**14,400**	23,520	69,014	72,140	81,800	–	–
Vehicle fuel efficiency		L/sqm GFA	**0.86**	1.47	2.24	1.81	2.44	0.94	0.93
		kg CO_2e/HKD1m revenue	**18.8**	50	51	54	64	24	19
Vehicle Sulphur Oxides (SOx) emissions		g	**696**	1,272	1,972	1,915	2,115	–	–
Paper consumption		kg	**19,958**	31,020	37,510	41,544	43,176	47,771	47,056
		'000 pcs	**4,000**	6,265	7,508	8,304	8,631	9,547	9,316
Paper use intensity		pcs/headcount	**1,999**	2,586	2,462	2,713	2,757	3,028	2,872
		kg CO_2e/HKD1m revenue	**10**	12	10	15	14	18	19
Business air travel		'000 km travelled	**0**	435	447	578	595	804	929
Business air travel intensity		km travelled/headcount	**0**	174	147	189	190	255	286
		kg CO_2e/HKD1m revenue	**0**	13	9	13	15	20	20
Carton box consumed		'000 pcs	**874**[6]	436	376	405	411	305	–
Shopping bag consumption[5]		'000 pcs	**1,045**	2,373	2,805	2,529	2,646	2,866	3,010
Shopping bag consumption intensity[5]		Pcs/transaction	**0.15**	0.178	0.180	0.178	–	–	–
Natural resources recycled									
Paper	Office	kg	**14,366**	19,514	22,412	20,816	24,894	24,369	18,602
	Logistics Centre	kg	**95,600**	148,000	232,600	–	–	–	–
Plastic	Office	kg	**251**	241	294	161	102	38	–
	Logistics Centre	kg	**4,400**	3,200	20,702	–	–	–	–
Aluminium		kg	**138**	114	91	102	87	65	–
General waste	Office	kg	**19,516**	21,971	22,308	25,143	26,043	23,907	–
	Stores	kg	**395,151**	494,684	581,660	–	–	–	–
Hazardous waste		kg	**3,520**	–	–	–	1,696	3,874	–

Data Footnotes:

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.

2 Emissions associated with electricity purchased are calculated based on the latest available emissions factors provided by the power companies.

3 Cover the printing paper used in office, logistics centres and stores only. Emissions avoided by recycling paper have been incorporated.

4 Carton box used for logistics purpose and the other printing materials (e.g. promotion leaflet) are not included.

5 The quantity of shopping bags consumed at stores in Hong Kong and Macau only with respect to the levy on plastic shopping bags under the Product Eco-responsibility Ordinance (Cap. 602) of Hong Kong and the Restrictions on the Supply of Plastic Bags (Law No. 16/2019) of Macau.

6 Include carton boxes consumed by Sa Sa Dotcom beginning this financial year.

HKEx ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosure and KPIs	Description	Reference/Explanation
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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	P. 98 Environmental Policy
KPIA1.1	The types of emissions and respective emissions data	P. 98 and 121
KPIA1.2	Greenhouse gas emissions in total and, where appropriate, intensity	P. 98 and 121
KPIA1.3	Total hazardous waste produced and, where appropriate, intensity	P. 121
KPIA1.4	Total non-hazardous waste produced and, where appropriate, intensity	P. 121
KPIA1.5	Description of measures to mitigate emissions and results achieved	P. 89, 98-103
KPIA1.6	Description of how hazardous and non-hazardous waste is handled, reduction initiatives and results achieved	P. 89, 99-103
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials	P. 105 Environmental Policy
KPIA2.1	Direct and/or indirect energy consumption by type in total and intensity	P. 89, 98 and 121
KPIA2.2	Water consumption in total and intensity	P. 89, 99 and 121
KPIA2.3	Description of energy use efficiency initiatives and results achieved	P. 89, 98-103
KPIA2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	There is no issue in sourcing water that is fit for purpose.
KPIA2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	P. 99, 100 and 121
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies to minimise the issuer's significant impact on the environment and natural resources	P. 98 Environmental Policy
KPIA3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them	P. 102-103
B. Social Employment and Labour Practises 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. 105 Employment Policy
KPIB1.1	Total workforce by gender, employment type, age group and geographical region	P. 105
KPIB1.2	Employee turnover rate by gender, age group and geographical region	P. 120
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. 105 Health & Safety Policy
KPIB2.1	Number and rate of work-related fatalities	P. 120
KPIB2.2	Lost days due to work injury	P. 120
KPIB2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P. 111
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P. 105 Employment Policy, Training and Development Policy
KPIB3.1	The percentage of employees trained by gender and employee category	P. 120
KPIB3.2	The average training hours completed per employee by gender and employee category	P. 120

Subject Areas, Aspects, General Disclosure and KPIs	Description	Reference/Explanation
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. 105 Employment Policy
KPIB4.1	Description of measures to review employment practises to avoid child and forced labour	P. 105 Employment Policy
KPIB4.2	Description of steps taken to eliminate child and forced labour practises when discovered	P. 111
Operating Practises		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	P. 102 Responsible Product and Supply Chain Policy
KPIB5.1	Number of suppliers by geographical region	P. 93
KPIB5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, how they are implemented and monitored	P. 93, 102 and 103
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. 102 Responsible Product and Supply Chain Policy
KPIB6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	P. 93
KPIB6.2	Number of products and service related complaints received and how they are dealt with	P. 93
KPIB6.3	Description of practises relating to observing and protecting intellectual property rights	P. 93
KPIB6.4	Description of quality assurance process and recall procedures	P. 93
KPIB6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P. 93
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. 112
KPIB7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases	P. 112
KPIB7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P. 112
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. 117 Environmental, Social and Corporate Governance Policy
KPIB8.1	Focus areas of contribution	P. 114-118
KPIB8.2	Resources contributed to the focus areas	P. 115-117

Investor Relations Report

Effective and Two-way Communications

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

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

Through multiple platforms, the Group communicates with the investment community to allow them to understand the business and strategies, to brief them on the latest company updates available to the public and to share the management's views on the outlook. As part of the investor relations function, it is recognised that communication has to be conducted in both directions and so to this end, the Group also collects feedback from investors and analysts for the attention of executive management and the Board of Directors. This also helps to formulate the investor relations plan and improve the investor relations practices on an on-going basis. The Group also aspires to adopt digital investor relations practices to improve communication efficiency, user experience and lessen environmental impact. In addition, the Group is committed to continuous improvement of our environmental, social and governance ("ESG") strategy and execution on a systematic basis and start to enrich the ESG disclosure through various communication channels.

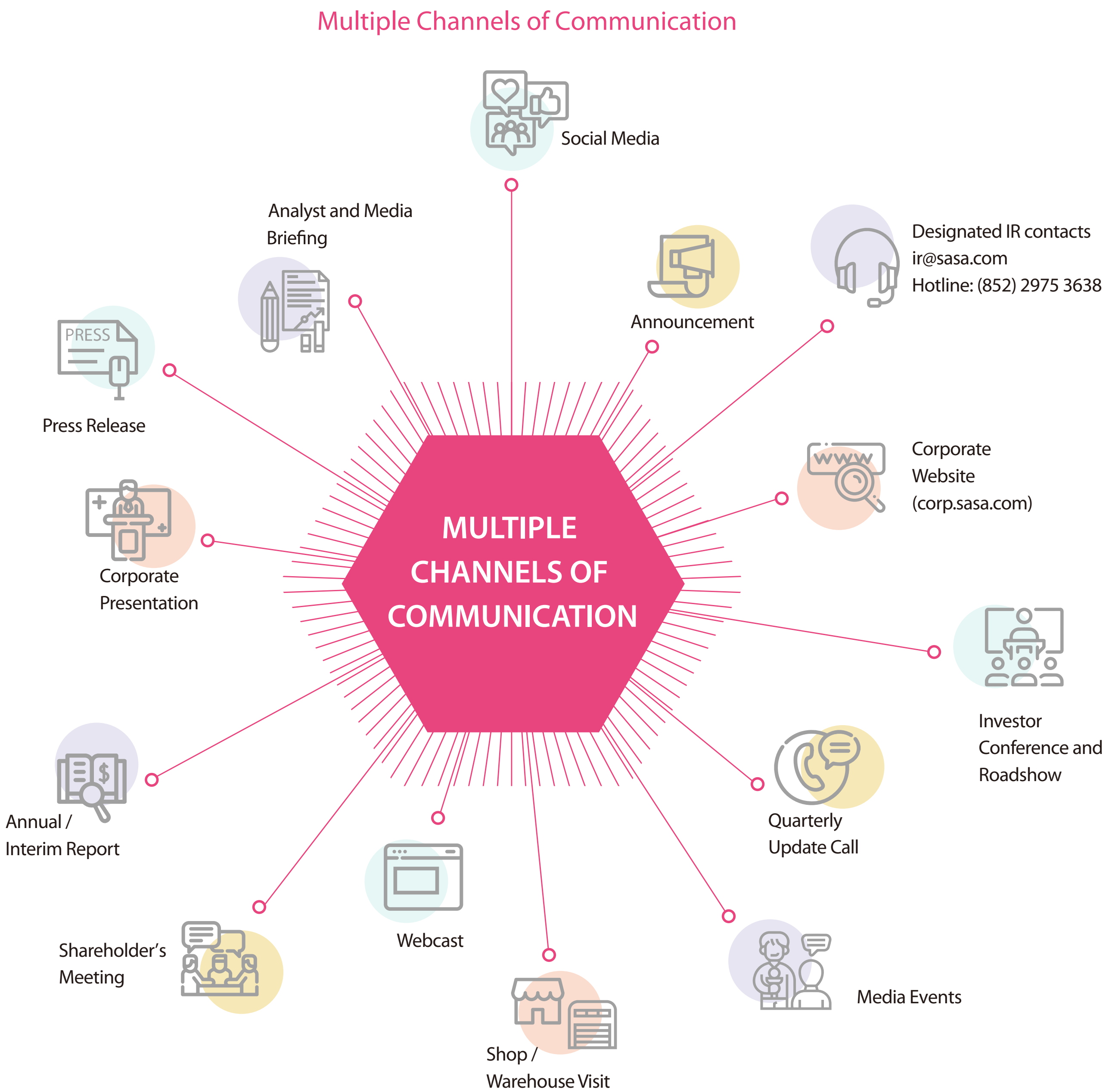
Dr LOOK Guy

Chief Financial Officer and Executive Director

Shareholders' Communication Policy

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

Communication Platforms



As an environment-conscious corporate citizen, we encourage investor to access corporate information and updates via the Company's or the HKEx's website. All announcements and relevant information are easily accessible in the "Investor Relations" section following our releases. Information is also released by email to all persons who have requested that their names be added to our database. Any person who wishes to be added to this database can do so by sending an email to ir@sasa.com.

We are committed to continuous improvement of our ESG strategy and execution on a systematic basis. On the communications front, apart from communicating our ESG performance to investors and other stakeholders through traditional means such as the annual report and company website, we have started to enrich our ESG disclosure through other communication channels. The goal of this initiative is to help investors make better investment decisions through clearer understanding of our ESG strategy and execution, and how they form part of the long-term sustainable development of our business.

Digital IR

The social distancing measures prompted by COVID-19 have motivated us to accelerate our development of digital IR. Virtual meetings and live webcasts have been arranged to replace traditional face-to-face interactions with both local and overseas investors, and these have proved successful in maintaining investor engagement regardless of geographical limits. The use of online and social media channels has been growing as a means of information disclosure. We have also further digitalised 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. All these initiatives enable us to engage investors during this critical period, and offer the advantage of greater efficiency for future investor communications.

Moving forward, the Group will continue to explore potential digital solutions to maintain the close connection with investors throughout our daily operations. The upgrading of the Company's website is in progress, this will present a more user-friendly and interactive interface to investors upon completion. This can improve investors' access to our corporate information and offer a more personalised browsing experience. With digital implementation, the Group strives to strengthen our messaging for efficient, interactive and successful investor communications.

Investor Relations Activities

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

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

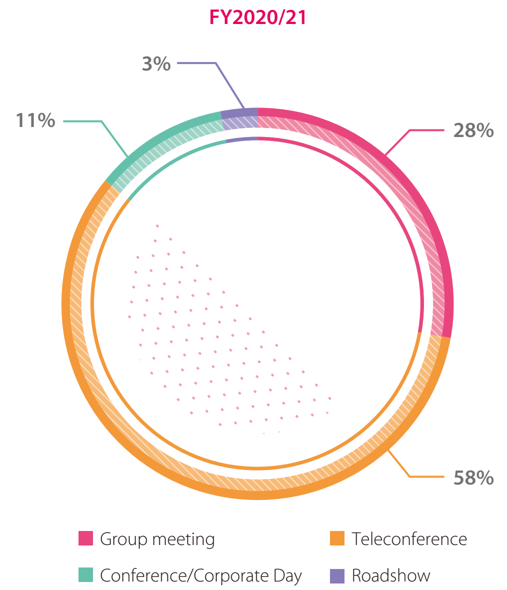
The Group understands the importance of transparency in our investor communications programme, especially under the threat of the current COVID-19 pandemic. Our corresponding strategies have become a key focus in our core communications materials, including financial reports, announcements, press releases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

Investor Relations Activities Analysis

Close Engagement with Institutional Investors

- **10** Major conferences
- **3** Non-deal roadshows
- **94** Investor meetings
- **10** Analysts covering Sa Sa
- **68** Research reports

No. of Events by Types



Roadshow and Conference

FY2020/21	Event	Organiser	Location/Format
Q1	Citi Pan-Asia Corporate Forum 2020	Citi	Online
	J.P. Morgan China Investor Conference	J.P. Morgan	Online
	Post-results non-deal roadshow in Hong Kong	Jefferies	Online
Q2	Post-results non-deal roadshow in Singapore	DBS	Online
	Asia Insights Forum	Institutional Capital Advisory	Online
	Virtual Asia Pacific Conference	Morgan Stanley	Online
Q3	Post-results non-deal roadshow in Hong Kong	Jefferies	Online
Q4	Jefferies China Consumer Access Days	Jefferies	Online
	Citi China Consumer Corporate Day 2021	Citi	Online
	Goldman Sachs Greater China Corporate Day	Goldman Sachs	Online
	UBS Greater China Conference 2021	UBS	Online
	The Future of Asia Conference	Institutional Capital Advisory	Online
	Morgan Stanley Virtual Hong Kong Summit	Morgan Stanley	Online

Share Register Analysis

Shareholders' Meetings

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

The last Shareholders' meeting was the AGM held at 16th Floor, V Point, No. 18 Tang Lung Street, Causeway Bay, Hong Kong on 27 August 2020, for approval of, among others, the re-election of retiring Directors and the general mandates to issue and purchase shares. Particulars of the major items considered at the AGM are set out in the circular dated 17 July 2020. All proposed ordinary resolutions were passed by way of poll voting at the AGM.

The 2021 AGM will be held at 16th Floor, V Point, No. 18 Tang Lung Street, Causeway Bay, Hong Kong, 15 September 2021 (Wednesday) at 12:30 p.m.

Shareholders' Rights

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

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

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

Shareholding Structure

According to the Company's share registrar, Sa Sa had 3,103,189,458 registered shareholders as at 31 March 2021. This number does not include individual Shareholders and corporations that have an indirect interest through intermediaries including custodians and nominees, investment funds and the Central Clearing and Settlement System (CCASS) operated by Hong Kong Securities Clearing Company Limited. If these entities are taken into account, the Company's actual number of Shareholders would be larger.

Our largest beneficial shareholders are Dr KWOK Siu Ming Simon, Chairman and CEO, and Dr KWOK LAW Kwai Chun Eleanor, Vice-chairman, both Executive Directors of the Company, who have a combined shareholding of 64.0%*. The remaining 36.0% of the shares is held by institutional investors across North America, Europe and Asia, and retail investors.

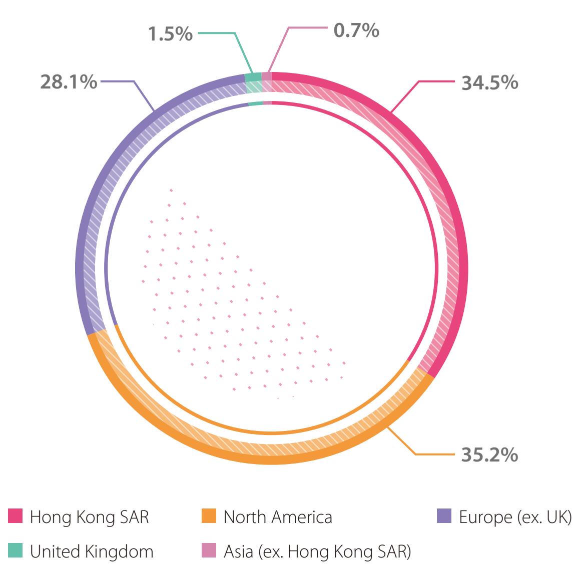
* Please refer to pages 132 to 146 in the "Report of the Directors" of this Annual Report for details of the Directors' and Chief Executive's shareholding interests.

During the year, we engaged NASDAQ Inc. to conduct "Shareholder Identification". This process analysed shares of the Company as at 31 March 2021, representing 99.0% of the total issued capital.

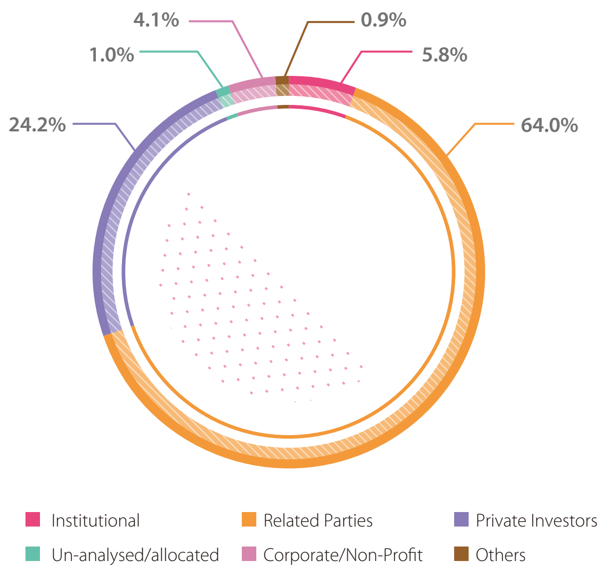
According to NASDAQ Inc.'s report, the Group's institutional shareholder base was composed of firms spanning 22 countries and accounted for 5.8% of the Company's total issued capital as at 31 March 2021, while the low turnover orientation# accounted for 54.6% of the total institutional shareholders.

\# Average holding period exceeds 24 months.

Institutional Shares by Geography



Total Shareholder Composition



Shareholder Information

Financial Calendar

FY2020/21 interim results announcement	19 November 2020
FY2020/21 annual results announcement	16 June 2021
For determining shareholders' eligibility to attend and vote at AGM Closure of register of members	10 – 15 September 2021 (both days inclusive)
Record Date for eligibility to attend and vote at AGM	15 September 2021
Annual General Meeting	15 September 2021
FY2021/22 interim results announcement	Mid to late November 2021

Share Listing

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

Listing and Stock Codes

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

Stock Information	
Board lot	2,000 shares
Nominal value per share	HK$0.1
Number of ordinary shares issued as at 31 March 2021	3,103,189,458
Public float as at 31 March 2021	Approximately 36%

Share Performance

Share Performance	FY2020/21	FY2019/20
Closing price as at 31 March (HK$ per share)	1.78	1.16
Highest price (HK$ per share)	2.19	2.78
Lowest price (HK$ per share)	1.06	1.11
Average daily trading volume (million shares)	10.2	7.9
Average daily trading amount (HK$ million)	15.3	14.9

Market Capitalisation

	Market Capitalisation HK $ Billion
FY2020/21	5.5
FY2019/20	3.6
FY2018/19	8.3
FY2017/18	12.3
FY2016/17	9.2

Index Inclusion

Sa Sa is the constituent stock of the following selected indexes managed under FTSE, MSCI, S&P and Hang Seng Index as of 31 March 2021.

FTSE Global All Cap Index	FTSE Asia Pacific All Cap Index	FTSE Developed All Cap Index
FTSE Developed Asia Pacific All Cap Index	FTSE Europe Asia Pacific All Cap Index	FTSE Hong Kong All Cap Index
FTSE RAFI Developed Mid Small ex US 1500 Index - QSR	MSCI AC Far East ex Japan Small Cap	MSCI EAFE Small Cap
MSCI World Small Cap	MSCI ACWI Small Cap Value	S&P Asia Pacific BMI
S&P China & Hong Kong BMI	S&P Developed BMI	S&P Global BMI
S&P Global SmallCap Select Index	S&P Greater China BMI	S&P Intrinsic Value Weighted Global Index
S&P Total China & Hong Kong Domestic BMI	Hang Seng Corporate Sustainability Benchmark Index	

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 Interim	Basic Final	Special Interim	Special Final	Total	Dividend Yield (%)	Dividend Payout Ratio
2020/21	–	–	–	–	–	–	–
2019/20	–	–	–	–	–	–	–
2018/19	7.00	9.00	–	–	16.00*	6.0	105.2%
2017/18	3.50	11.00	–	3.00	17.50*	4.3	120.7%
2016/17	5.00	8.00	4.00	0.00	17.00	5.6	154.9%

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

Investor Relations Enquiries and Communications

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

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

Shareholders Service and Enquiries

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

Tricor Abacus Limited
Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com
Website: www.tricoris.com

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

Report of the Directors

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2021.

Principal Activities and Segment Analysis of Operations

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

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

Business Review

A fair review of the Group's business is provided in the MD&A section (pages 35 to 42). Description of the principal risks and uncertainties facing the Group can be found under Our Strategy (page 21) and the ERM report (pages 81 to 85). 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 19 to 21) and the MD&A section (pages 42 to 45 and 47). Certain financial key performance indicators which complement and supplement our financial disclosures are set out on pages 27 to 29. An account of the Company's relationships with its stakeholders are set out under Our Strategy (pages 14 to 21). More details regarding the relationship with our employees and discussions on the Group's environmental policies and performance are included in the ESG report. To the extent necessary for an understanding of the development, performance or position of the Company's business, discussions on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company are set out in the CG report.

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

Results and Appropriations

The results for the year are set out in the consolidated income statement on page 152.

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2020 (2020: Nil). The Board has not recommended the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

Dividend Policy

The Company has a policy on the payment of dividends, which is set out in the Corporate Governance report on page 80.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last ten financial years is set out on pages 27 to 29 of this Annual Report.

Major Customers and Suppliers

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

Reserves

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

Property, Plant and Equipment

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

Share Capital

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

Equity-linked Agreements

Save for the Share Option Schemes as set out on pages 133 to 139 of this Annual Report, there was no equity-linked agreement entered into by the Company during the year or subsisted at the end of the year.

Share Options

Share Option Schemes

- **2002 Share Option Scheme**

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

  (a) Purpose

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

  (b) Participants

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

  (c) Total number of shares available for issue

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

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

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

  (iv) As at 16 June 2021, no further options could be granted under the 2002 Share Option Scheme and the total number of option shares granted but not yet exercised under this scheme was 26,287,988 Shares, which represented 0.85% of the total issued share capital of the Company at that date.

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 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.

(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 2020	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2021
Directors								
Dr LOOK Guy	1 Mar 2012	4.77	28 Feb 2014 to 28 Feb 2022	4,690,998	–	–	–	4,690,998
			28 Feb 2015 to 28 Feb 2022	4,690,998	–	–	–	4,690,998
			1 Sep 2013 to 28 Feb 2022 (1)	3,381,996	–	–	–	3,381,996
			1 Sep 2014 to 28 Feb 2022 (1)	4,690,998	–	–	–	4,690,998
			25 Jun 2015 to 28 Feb 2022 (1)	4,690,998	–	–	–	4,690,998
Ms KWOK Sze Wai Melody	17 Jun 2011	4.95	17 Jun 2014 to 16 Jun 2021	50,000	–	–	–	50,000
	29 Jun 2012	4.85	29 Jun 2015 to 28 Jun 2022	70,000	–	–	–	70,000
Employees	30 Sep 2010	3.16	30 Sep 2013 to 29 Sep 2020 (2)	412,000	–	–	(412,000)	–
			30 Sep 2013 to 29 Sep 2020 (3)	40,000	–	–	(40,000)	–
	17 Jun 2011	4.95	17 Jun 2014 to 16 Jun 2021 (4)	1,510,000	–	–	(116,000)	1,394,000
			17 Jun 2014 to 16 Jun 2021 (3)	40,000	–	–	–	40,000
			17 Jun 2014 to 16 Jun 2021 (5)	40,000	–	–	–	40,000
			17 Jun 2014 to 16 Jun 2021 (6)	50,000	–	–	–	50,000
	29 Jun 2012 (7)	4.85	29 Jun 2015 to 28 Jun 2022	2,307,000	–	–	(143,000)	2,164,000
			29 Jun 2015 to 28 Jun 2022 (3)	40,000	–	–	–	40,000
			29 Jun 2015 to 28 Jun 2022 (5)	50,000	–	–	–	50,000
			29 Jun 2015 to 28 Jun 2022 (6)	120,000	–	–	–	120,000
			29 Jun 2015 to 28 Jun 2022 (8)	200,000	–	–	–	200,000
				27,074,988	–	–	(711,000)	26,363,988

  There are no share options cancelled during the year.

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

Share Options (continued)

Share Option Schemes (continued)

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

Notes:

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

(2) On 30 September 2010, 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.

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

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

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

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

(7) On 29 June 2012, the Company granted 7,567,000 share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group. The exercise of 150,000 share options out of the outstanding balance of 2,574,000 share options as at 31 March 2021 is subject to certain performance targets that must be achieved by the related employees.

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

- **2012 Share Option Scheme**

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

(a) Purpose

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

(b) Participants

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

Share Options (continued)

Share Option Schemes (continued)

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

(c) Total number of shares available for issue

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

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

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

(iv) As at 16 June 2021, 262,687,006 Shares were available for grant under the 2012 Share Option Scheme and the total number of option shares granted but not yet exercised under this scheme was 3,956,000 Shares, which represented 8.47% and 0.13% respectively of the total issued share capital of the Company at that date.

(d) Maximum entitlement of each participant

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

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

(e) Option period

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

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

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

(g) Consideration on acceptance of the option

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

Share Options (continued)

Share Option Schemes (continued)

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

(h) Basis of determining the subscription price

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

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

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

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

(i) Remaining life of the 2012 Share Option Scheme

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

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

				Number of Share Options				
Name	Date of grant	Subscription price per Share (HK$)	Exercise period	Outstanding as at 1 April 2020	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2021
Directors								
Ms KWOK Sze Wai Melody	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023	50,000	–	–	–	50,000
Ms LEE Yun Chun Marie-Christine	13 Apr 2018	4.65	13 Apr 2020 to 12 Apr 2028	100,000	–	–	–	100,000
Ms KI Man Fung Leonie	13 Apr 2018	4.65	13 Apr 2020 to 12 Apr 2028	100,000	–	–	–	100,000
Mr TAN Wee Seng	13 Apr 2018	4.65	13 Apr 2020 to 12 Apr 2028	100,000	–	–	–	100,000
Employees	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023[1]	4,225,000	–	–	(831,000)	3,394,000
			21 Jun 2016 to 20 Jun 2023[2]	50,000	–	–	–	50,000
			21 Jun 2016 to 20 Jun 2023[3]	20,000	–	–	–	20,000
			21 Jun 2016 to 20 Jun 2023[4]	100,000	–	–	–	100,000
			21 Jun 2016 to 20 Jun 2023[5]	50,000	–	–	–	50,000
			21 Jun 2016 to 20 Jun 2023[6]	20,000	–	–	–	20,000
			21 Jun 2016 to 20 Jun 2023[7]	120,000	–	–	–	120,000
				4,935,000	–	–	(831,000)	4,104,000

There are no share options cancelled during the period.

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

Share Options (continued)

Share Option Schemes (continued)

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

Notes:

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

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

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

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

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

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

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

Share Award Scheme

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

As at 31 March 2021, a total of 6,652,000 awarded Shares had been granted pursuant to the Share Award Scheme, out of which 455,000 awarded Shares remained unvested. During the year, a total of 105,000 awarded Shares lapsed and remained part of the trust fund under the Share Award Scheme. A summary of the Share Award Scheme is set out below:

(a) Purpose

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

(b) Administration

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

Share Award Scheme (continued)

(c) Duration

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

(d) Maximum limit

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

(e) Operation

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

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

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

(f) Vesting and lapse

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

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

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

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

Share Award Scheme (continued)

(g) Voting rights

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

(h) Termination

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

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

				Number of awarded Shares				
Name	Date of award	Average fair value per Share (HK$)	Vesting period*	Outstanding as at 1 April 2020	Awarded during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 March 2021
Director								
Dr LOOK Guy	21 Jun 2019	2.25	21 Jun 2019 to 30 Jun 2020	50,000	–	(50,000)	–	–
Employees	29 Jun 2018	4.98	29 Jun 2018 to 23 May 2021	140,000	–	(125,000)	–	15,000
	21 Jun 2019	2.25	21 Jun 2019 to 30 Jun 2022	400,000	–	(175,000)	(25,000)	200,000
	30 Sep 2019	1.74	30 Sep 2019 to 26 Mar 2022	200,000	–	(60,000)	(80,000)	60,000
	9 Oct 2020	1.31	9 Oct 2020 to 30 Sep 2023	–	350,000	(170,000)	–	180,000
				790,000	350,000	(580,000)	(105,000)	455,000

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

Pre-emptive Rights

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

Buy-back, Sale or Redemption of Shares

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

Subsidiaries

Details of the Company's principal subsidiaries as at 31 March 2021 are set out in note 30 to the consolidated financial statements.

Capitalised Interest

No interest was capitalised by the Group during the year (2020: nil).

Distributable Reserves

As at 31 March 2021, the reserves of the Company available for distribution amounted to HK$1,810,348,000 (2020: HK$1,809,899,000).

Donations

The Group made donations during the year totalling HK$1,809,000 (2020: HK$2,188,000).

Directors

The Directors who held office during the year were:

Executive Directors

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

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

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

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

Dr LOOK Guy (CFO)

- date of appointment as a director: 10 September 2002*
- date of last re-election in AGM as a director: 2 September 2019

Ms KWOK Sze Wai Melody, *MH*◊

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

Non-executive Director

Ms LEE Yun Chun Marie-Christine

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

Independent Non-executive Directors

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

- date of appointment as a director: 15 December 2006
- date of last re-election in AGM as a director: 3 September 2018
- term of directorship: three years commencing on 15 December 2018*

Mr TAN Wee Seng

- date of appointment as a director: 11 March 2010
- date of last re-election in AGM as a director: 2 September 2019
- term of directorship: three years commencing on 26 August 2019*

Mr CHAN Hiu Fung Nicholas, *MH, JP*◊

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

Pursuant to Article 116 of the articles of association of the Company, Dr LOOK Guy, Ms KI Man Fung Leonie and Mr TAN Wee Seng will retire by rotation at the forthcoming AGM and all being eligible will offer themselves for re-election.

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

◊ Since 1 July 2021

Confirmation of Independence from INEDs

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

Directors' Service Contracts

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

Contracts of Significance

No transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any director of the Company or his/her connected entity is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

Indemnification of Directors

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

Biographical Details of Directors and Senior Management

The updated biographical information of the Directors and senior management are set out on pages 48 to 55 of this Annual Report.

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

As at 31 March 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

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

	Number of Shares in the Company					
Name of Director	Personal interests	Family interests	Corporate interests	Derivatives interests	Total interests	Approximate percentage of the Shares in issue[(1)]
Dr KWOK Siu Ming Simon	40,728,000	–	1,946,734,297[(2)]	–	1,987,462,297	64.0458%
Dr KWOK LAW Kwai Chun Eleanor	–	40,728,000	1,946,734,297[(2)]	–	1,987,462,297	64.0458%
Dr LOOK Guy	450,000	–	–	22,145,988[(3)]	22,595,988	0.7282%
Ms KWOK Sze Wai Melody	110,000	6,000	–	170,000[(4)]	286,000	0.0092%
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%

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

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

Notes:

(1) Based on 3,103,189,458 Shares in issue as at 31 March 2021.

(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 Dr LOOK Guy' s derivatives interests in the shares of the Company for the year ended 31 March 2021 are disclosed in the share options and awarded shares sections on pages 135 & 141 of this report.

(4) Details of Ms KWOK Sze Wai Melody's derivatives interests in the shares of the Company for the year ended 31 March 2021 are disclosed in the share options section on pages 135 & 138 of this report.

(5) Details of the derivatives interests in the shares of the Company of the non-executive directors (including INEDs) for the year ended 31 March 2021 are disclosed in the share options section on page 138 of this report.

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

Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor are each taken to be interested in all the issued non-voting deferred shares (the "Deferred Shares") of Base Sun investment Limited ("Base Sun"), Matford trading Limited ("Matford"), Sa Sa Cosmetic Company Limited and Sa Sa Investment (HK) Limited, all of which are wholly-owned subsidiaries of the Company. Details of interests in the Deferred Shares as at 31 March 2021 are set out below:

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

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

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

Notes:

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

(2) Dr KWOK Siu Ming Simon holds three Deferred Shares in Matford through Mr YUNG Leung Wai Tony who acts as a nominee shareholder.

(3) Dr KWOK LAW Kwai Chun Eleanor holds three Deferred Shares in Matford through Ms KWOK Lai Yee Mabel who acts as a nominee shareholder.

Save as disclosed above, no director or chief executive of the Company has any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Benefits from Rights to Acquire Shares or Debentures

Save as disclosed under the share options and awarded shares sections on pages 135, 138 and 141, 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 2021, 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 2021.

(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 2021, the Company has not been notified of any persons (other than the directors or chief executives or substantial shareholders of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

Management Contracts

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

Related Party Transaction

The rental paid to an entity wholly owned by executive directors disclosed in note 29 to the consolidated financial statements do not constitute discloseable connected transaction under the Listing rules.

Connected Transactions

During the year, there were no connected transactions or continuing connected transactions that were not fully exempted from shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

Specific Performance Obligation on Controlling Shareholder

As disclosed in the Company's announcement dated 7 August 2020, Sa Sa Cosmetic Company Limited (an indirect wholly-owned subsidiary of the Company) as borrower obtained general banking facilities from a bank to finance the working capital requirements of the Group. Such banking facilities are provided by way of two revolving loan facilities up to an aggregate amount of HK$80,000,000 with no specific tenor, which may be modified, cancelled or suspended at any time without prior notice at the bank's sole discretion.

It is a condition of the banking facilities, among others, that Dr KWOK Siu Ming Simon and/or his family members shall maintain (whether directly or indirectly) not less than 51% shareholding of the Company, and Dr KWOK Siu Ming Simon shall remain as chairman of the Board.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total issued share capital of the Company is held by the public as at the date of this report.

Auditor

The financial statements for the year have been audited by PwC who retired and, being eligible, offered itself for re-appointment. A resolution to re-appoint it and to authorise the Directors to fix its remuneration will be proposed for approval at the forthcoming AGM.

On behalf of the Board

KWOK Siu Ming Simon
Chairman and CEO
Hong Kong, 16 June 2021

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") set out on pages 152 to 217, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- 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 a summary of significant accounting policies.

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Impairment of retail store assets
- Provision for inventory

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of retail store assets	
Refer to Notes 13 and 14 to the consolidated financial statements The Group had HK$246.7 million and HK$457.2 million of property, plant and equipment and right-of-use assets as at 31 March 2021 respectively, of which approximately HK$64.2 million and HK$345.1 million were attributable to its retail stores respectively. The remaining balances of property, plant and equipment and right-of-use assets represented the corporate assets which mainly included the land and buildings of office premises in Hong Kong, and the non-current assets attributed to warehouses. The carrying amounts of the retail store assets and the corporate assets are written down to their recoverable amounts if the assets' carrying amounts are greater than their estimated recoverable amounts. Management regards each individual retail store as a separately identifiable cash-generating unit and monitors their financial performance for the existence of impairment indicators. As a result of the COVID-19 pandemic, it may adversely impact the recoverable amounts of the retail store assets which is considered to be a triggering event for impairment assessment. As a result of the impairment assessment, an impairment of retail store assets of HK$57.7 million has been recognised in the consolidated income statement for the year. No impairment has been provided for the corporate assets as at 31 March 2021. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value-in-use. Management considers that the recoverable amount of the assets of the retail stores is determined by value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenure of the lease, with major assumptions such as revenue growth rate, percentage change of running costs and gross profit margin. We focused on this area because the estimation of recoverable amounts of the relevant retail store assets is subject to high degree of estimation uncertainty. The inherent risk in relation to impairment of retail store assets is considered significant due to the subjectivity of major assumptions used in determining the recoverable amounts of the relevant retail store assets.	We evaluated and tested the impairment assessment of the property, plant and equipment and right-of-use assets of the retail stores by performing the following procedures: – understood the management's internal control in respect of the assessment of the recoverable amount of retail store assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as significant judgement and estimation involved in determining recoverable amount of retail store assets; – compared both the forecasted sales performance and estimated running costs to the approved business plan; – enquired of management in relation to key assumptions in their business plan and evaluated the key assumptions (such as revenue growth rate, percentage change of running costs and gross profit margin) applied by comparing them to historical information and our understanding of latest market information and conditions; – enquired of management about the basis of their estimation of the timing of easing of quarantine restrictions at the border and the recovery rate of Mainland tourist and assessed the reasonableness of the estimation with information available as of the year-end date; – enquired of management about the details and feasibility of their cost saving measures and assessed the reasonableness of the estimation of percentage change of running costs; – recomputed the impairment loss calculation; and – evaluated the sensitivity analysis to ascertain the extent of change in the key assumptions either individually or collectively that would result in the retail store assets being impaired and also considered the likelihood of such a change in the key assumptions arising. Based on our work performed, we found the impairment of retail store assets made by management to be supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for inventory	
Refer to Note 17 to the consolidated financial statements The Group had net inventories of HK$766.1 million as at 31 March 2021, which represented approximately 30.5% of the Group's total assets. The Group is engaged in the retailing and wholesaling of cosmetic products and is subject to changing market trends and competitor actions. In current year, the retail operation was also adversely affected by the COVID-19 pandemic. Management's judgement is required for assessing the appropriate level of inventory provision in light of the current challenging retail environment. The Group estimates the provision for inventory based on the inventory turnover days and sales performance of individual stock keeping units ("SKU") and makes specific provision for near-expiry and slow-moving inventory by SKU, taking into consideration of the recent market conditions under the impact of the COVID-19 pandemic, sales strategy, goods return arrangement with suppliers, and marketability of inventories. The Group also estimates the shrinkage provision with reference to the level of inventory loss in current year. We focused on this area because of the magnitude of the inventories and the estimation of the provision of inventories involved a high level of management's judgement.	We 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. We evaluated management's basis for the inventory provision and evaluated the outcome of management's estimations, analysis made by management and methodology applied to identify slow moving and obsolete SKUs. We 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, and the future estimated sales in consideration of various factors, such as historical sales performance, and marketability of inventories. We evaluated the estimates made by management by comparing the level of inventories written-off during the year to the provision made in prior year. We also compared the shrinkage provision with the actual inventory loss for the past year. We performed a recalculation, on a sample basis, of the inventory provision made on individual SKU. We evaluated the net realisable value on a sample basis, by comparing the actual selling prices subsequent to the year end, to their carrying amounts at the year end. Based on the procedures performed, we consider management's judgement and estimates in the assessment of the provision for inventory, to be supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Chung Kit Yi, Kitty.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 June 2021

Consolidated Income Statement

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Continuing operations			
Turnover	2	**3,043,029**	5,717,283
Cost of sales	5	**(1,991,198)**	(3,634,818)
Gross profit		**1,051,831**	2,082,465
Other income	2	**142,343**	64,373
Selling and distribution costs	5	**(1,325,402)**	(2,151,949)
Administrative expenses	5	**(208,533)**	(278,868)
Impairment of right-of-use assets and property, plant and equipment	13 & 14	**(57,679)**	(270,455)
Other gains – net	4	**5,959**	1,009
Operating loss		**(391,481)**	(553,425)
Finance income	8	**6,449**	17,447
Finance costs	8	**(16,449)**	(26,020)
Loss before income tax		**(401,481)**	(561,998)
Income tax credit	9	**42,183**	86,916
Loss for the year from continuing operations		**(359,298)**	(475,082)
Profit/(loss) for the year from discontinued operation	10	**7,930**	(40,854)
Loss for the year attributable to owners of the Company		**(351,368)**	(515,936)
Loss per share for loss from continuing operations attributable to owners of the Company for the year (expressed in HK cents per share)			
Basic	11	**(11.6)**	(15.4)
Diluted	11	**(11.6)**	(15.4)
Loss per share for loss attributable to owners of the Company for the year (expressed in HK cents per share)			
Basic	11	**(11.3)**	(16.7)
Diluted	11	**(11.3)**	(16.7)

The notes and disclosures on pages 159 to 217 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Loss for the year		**(351,368)**	(515,936)
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on retirement benefit obligations	24 (b)	**(105)**	1,992
Items that may be reclassified to profit or loss			
Cash flow hedges, net of tax		**20**	61
Currency translation differences of foreign subsidiaries recorded in translation reserve		**16,083**	(21,732)
Other comprehensive income/(loss) for the year, net of tax		**15,998**	(19,679)
Total comprehensive loss for the year attributable to owners of the Company		**(335,370)**	(535,615)
Total comprehensive (loss)/income for the year attributable to owners of the Company arises from:			
Continuing operations		**(342,813)**	(489,769)
Discontinued operation	10	**7,443**	(45,846)
		(335,370)	(535,615)

The notes and disclosures on pages 159 to 217 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**246,714**	281,531
Right-of-use assets	14	**457,242**	761,107
Rental deposits and other assets	15	**74,899**	118,120
Deferred tax assets	16	**149,822**	115,146
		928,677	1,275,904
Current assets			
Inventories	17	**766,107**	1,005,900
Trade receivables	18	**76,972**	60,617
Other receivables, deposits and prepayments	19	**202,095**	276,237
Time deposits	20	**21,012**	82,122
Cash and cash equivalents	20	**505,392**	559,381
Income tax recoverable		**10,627**	7,026
		1,582,205	1,991,283
LIABILITIES			
Current liabilities			
Trade payables	21	**290,230**	219,246
Other payables and accruals	22	**201,352**	235,057
Lease liabilities	14	**349,603**	574,006
Income tax payable		**9,469**	35,066
		850,654	1,063,375
Net current assets		**731,551**	927,908
Total assets less current liabilities		**1,660,228**	2,203,812
Non-current liabilities			
Other payables		**28,584**	32,674
Lease liabilities	14	**299,513**	505,064
Retirement benefit obligations	24	**1,864**	1,710
Deferred tax liabilities	16	**124**	52
		330,085	539,500
Net assets		**1,330,143**	1,664,312

	Note	2021 HK$'000	2020 HK$'000
EQUITY			
Capital and reserves			
Share capital	25	**310,319**	310,319
Reserves	26	**1,019,824**	1,353,993
Total equity		**1,330,143**	1,664,312

The consolidated financial statements on pages 152 to 217 were approved by the Board on 16 June 2021 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 159 to 217 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 March 2021

		Attributable to owners of the Company		
	Note	**Share capital HK$'000**	**Reserves HK$'000**	**Total HK$'000**
Balance at 1 April 2020		**310,319**	**1,353,993**	**1,664,312**
Loss for the year		**–**	**(351,368)**	**(351,368)**
Other comprehensive income:				
Actuarial loss on retirement benefit obligations		**–**	**(105)**	**(105)**
Cash flow hedges, net of tax		**–**	**20**	**20**
Currency translation differences of foreign subsidiaries recorded in translation reserve		**–**	**16,083**	**16,083**
Total comprehensive loss for the year		**–**	**(335,370)**	**(335,370)**
Share award scheme:				
Value of employee services	25 & 26	**–**	**773**	**773**
Employee share option scheme:				
Value of employee services	25 & 26	**–**	**8**	**8**
Unclaimed dividends forfeited	26	**–**	**420**	**420**
Total transactions with owners, recognised directly in equity		**–**	**1,201**	**1,201**
Balance at 31 March 2021		**310,319**	**1,019,824**	**1,330,143**

	Note	Share capital HK$'000	Reserves HK$'000	Total HK$'000
		Attributable to owners of the Company		
Balance of 1 April 2019		309,560	2,152,722	2,462,282
Loss for the year		–	(515,936)	(515,936)
Other comprehensive loss:				
Actuarial gain on retirement benefit obligations		–	1,992	1,992
Cash flow hedges, net of tax		–	61	61
Currency translation differences of foreign subsidiaries recorded in translation reserve		–	(21,732)	(21,732)
Total comprehensive loss for the year		–	(535,615)	(535,615)
Share award scheme:				
Value of employee services	25 & 26	–	1,603	1,603
Employee share option scheme:				
Value of employee services	25 & 26	–	1,536	1,536
Issue of shares upon scrip dividend of 2018/19 final dividend	25 & 26	759	12,063	12,822
Unclaimed dividends forfeited	26	–	288	288
Dividend:				
2018/19 final dividend	26	–	(278,604)	(278,604)
Total transactions with owners, recognised directly in equity		759	(263,114)	(262,355)
Balance at 31 March 2020		310,319	1,353,993	1,664,312

The notes and disclosures on pages 159 to 217 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**569,106**	702,937
Hong Kong profits tax paid		**(2,244)**	(23,377)
Overseas tax paid		**(18,775)**	(30,993)
Net cash generated from operating activities		**548,087**	648,567
Cash flows from investing activities			
Purchase of property, plant and equipment		**(47,899)**	(111,934)
Payment for acquisition of right-of-use assets		**(121)**	(5,347)
Proceeds from disposal of property, plant and equipment	27(b)	**218**	331
Decrease in time deposits		**61,110**	507,390
Interest received		**5,344**	16,555
Net cash generated from investing activities		**18,652**	406,995
Cash flows from financing activities			
Payment for lease liabilities (including interest)	14(b)	**(627,863)**	(774,472)
Unclaimed dividends forfeited		**420**	288
Cash dividends paid to Company's shareholders		**–**	(265,782)
Net cash used in financing activities		**(627,443)**	(1,039,966)
Net (decrease)/increase in cash and cash equivalents		**(60,704)**	15,596
Cash and cash equivalents at beginning of year		**559,381**	551,134
Effect of foreign exchange rate changes		**6,715**	(7,349)
Cash and cash equivalents at end of year	20	**505,392**	559,381

The notes and disclosures on pages 159 to 217 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 171.

2 Changes in accounting policies

(i) Amendment to standard mandatory for the first time for the financial year beginning 1 April 2020 and were early adopted

- HKFRS 9, HKAS 39, HKFRS 7 (Amendment), "Interest Rate Benchmark Reform"

(ii) Amendments to standards and revised conceptual framework mandatory for the first time for the financial year beginning 1 April 2020 and were not early adopted

- HKAS 1 and HKAS 8 (Amendment), "Amendments to Definition of Material"
- HKFRS 3 (Amendment), "Definition of Business"
- Conceptual Framework for Financial Reporting 2018, "Revised Conceptual Framework for Financial Reporting"

The adoption of these amendments to standards and revised conceptual framework did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

(iii) Amendments to standards, interpretation and revised accounting guideline issued but not yet effective for the financial year beginning 1 April 2020 where early adoption is permitted

The Group has early applied the following amendments to standards issued but not yet effective for the financial year beginning 1 April 2020:

- HKAS 1 (Amendment), "Classification of Liabilities as Current or Non-current" (effective for annual periods beginning on or after 1 April 2022). The amendment clarifies that the liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. The early adoption of HKAS 1 (Amendment) does not have any impact to the Group as the Group does not have any liabilities with a substantive right to defer settlement as at 31 March 2021.

2 Changes in accounting policies (continued)

(iii) Amendments to standards, interpretation and revised accounting guideline issued but not yet effective for the financial year beginning 1 April 2020 where early adoption is permitted (continued)

- Annual Improvements Project (Amendment), "Annual Improvements to HKFRS 2018-2020" (effective for annual periods beginning on or after 1 April 2022). The Annual Improvements to HKFRS 2018-2020 contains the following amendments to HKFRS:

  – HKFRS 1 (Amendment), "Subsidiary as a First-time Adopter". HKFRS 1 allows an exemption if a subsidiary adopts HKFRS at a later date than its parent. This amendment allows entities that have taken this HKFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to HKFRS.

  – HKFRS 9 (Amendment), "Fees Included in the 10% Test for Derecognition of Financial Liabilities". The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under this amendment, costs or fees paid to third parties will not be included in the 10% test.

  – HKFRS 16 (Amendment), "Illustrative Examples Accompanying HKFRS 16". The amendment removes the illustration of payments from the lessor relating to leasehold improvements in order to remove any potential confusion about the treatment of lease incentives.

  – HKAS 41 (Amendment), "Taxation in Fair Value Measurements". The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13 "Fair Value Measurement".

  The early adoption of Annual Improvements Project (Amendment) does not have any impact to the Group.

- HKFRS 3 (Amendment), "Reference to the Conceptual Framework" (effective for annual periods beginning on or after 1 April 2022). The amendment has updated HKFRS 3 "Business Combinations" to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the amendment added a new exception in HKFRS 3 for liabilities and contingent liabilities. The early adoption of HKFRS 3 (Amendment) does not have any impact to the Group as the Group does not have any business combination during the year ended 31 March 2021.

- HKAS 16 (Amendment), "Property, Plant and Equipment: Proceeds before Intended Use" (effective for annual periods beginning on or after 1 April 2022). The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, and clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The early adoption of HKAS 16 (Amendment) does not have any impact to the Group as the Group does not have any proceeds received while the Group is preparing the asset for its intended use during the year ended 31 March 2021.

- HKAS 37 (Amendment), "Onerous Contracts – Cost of Fulfilling a Contract" (effective for annual periods beginning on or after 1 April 2022). The amendment clarifies the meaning of cost of fulfilling a contract and explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The early adoption of HKAS 37 (Amendment) does not have any material impact to the Group as the Group does not have any significant onerous contracts as of and during the year ended 31 March 2021.

2 Changes in accounting policies (continued)

(iii) Amendments to standards, interpretation and revised accounting guideline issued but not yet effective for the financial year beginning 1 April 2020 where early adoption is permitted (continued)

- Hong Kong Accounting Guideline 5 (Revised), "Merger Accounting for Common Control Combinations" (effective for annual periods beginning on or after 1 April 2022). The accounting guideline clarifies a common control transaction involving inserting a shell entity between a parent entity and a single subsidiary or between a parent entity and a group of subsidiaries is not a business combination, and accordingly is not a 'common control combination'. The early adoption of Hong Kong Accounting Guideline 5 (Revised) does not have any impact to the Group as the Group does not have any business combination during the year ended 31 March 2021.

- HK(IFRIC) – Int 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" (effective for annual periods beginning on or after 1 April 2023). The conclusion reached is that the loans subject to loan agreements which include a clause which gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its statement of financial position. In this regard, the probability of the lender choosing to exercise its rights to demand repayment within the next twelve months after the reporting period is not relevant. The early adoption of HK(IFRIC) – Int 5 does not have any impact to the Group as the Group does not have any liabilities with a substantive right to defer settlement as at 31 March 2021.

- HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendment), "Interest Rate Benchmark (IBOR) Reform – Phase 2" (effective for annual periods beginning on or after 1 April 2021). For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in HKFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from HKFRS 9 are also required to apply the same practical expedient. HKFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate). The early adoption of HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendment) does not have any impact to the Group as the Group did not have any IBOR-based contracts, assets or liabilities as of and during the year ended 31 March 2021.

- HKAS 1 (Amendment), "Presentation of Financial Statements" and HKFRS Practice Statement 2 (Amendment), "Making Materiality Judgements" (effective for annual periods beginning on or after 1 April 2023). The amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. To support this amendment, HKFRS Practice Statement 2 has been amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The early adoption of HKAS 1 (Amendment) and HKFRS Practice Statement 2 (Amendment) does not have significant impact on the preparation of the consolidated financial statements for the year ended 31 March 2021.

- HKAS 8 (Amendment), "Accounting Policies, Change in Accounting Estimates and Errors" (effective for annual periods beginning on or after 1 April 2023). The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The early adoption of HKAS 8 (Amendment) does not have any impact to the Group.

- HKFRS 16 (Amendment), "Covid-19-Related Rent Concessions beyond 30 June 2021" (effective for annual periods beginning on or after 1 April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The early adoption of HKFRS 16 (Amendment) does not have any impact to the Group as the Group was not granted any lease concessions for lease payments to be paid after 1 July 2021 during the year ended 31 March 2021.

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. Assets that are subject to amortisation are reviewed 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.

6 Financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in "other gains – net" together with foreign exchange gains and losses.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires ECL to be recognised from initial recognition of the receivables. See Note 18 for further details.

7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group 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".

8 Foreign currency translation (continued)

(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.

9 Employee benefits (continued)

(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 terminations 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.

1 Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management who identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating subsidiaries. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign exchange risk

The Group operates in various countries and is exposed to foreign exchange risk against Hong Kong dollar arising from foreign exchange exposure. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operation.

Most of the assets, receipts and payments of the Group are either in Hong Kong dollar, US dollar, Euro or Renminbi. The Group minimises its foreign exchange exposure against purchase orders denominated in foreign currencies by entering into forward contracts with reputable financial institutions or at spot and maintain no material long position. The hedging policies are regularly reviewed by the Group.

Certain assets of the Group are denominated in US dollar but the foreign exchange risk is considered not significant as Hong Kong dollar exchange rate is pegged to US dollar.

The remaining Group's assets and liabilities are primarily denominated in the respective group companies' functional currency, which would not expose the Group to material foreign exchange risk.

(ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and financial institutions, deposits and trade and other receivables with a maximum exposure equal to the carrying amounts of these financial instruments.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(a) Credit risk of deposits with banks and financial institutions

As at 31 March 2021, 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 2021 and 2020.

1 Financial risk factors (continued)

(ii) Credit risk (continued)

(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 counterparties 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 2021 and 2020.

(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-commence platform providers, receivables from shopping malls and department store in the PRC, and wholesales, which are due within 90 days from the date of invoice. As at 31 March 2021, 87.4% (2020: 74.8%) of the total trade receivables were due within 90 days from the date of invoice. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 18.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and days past due. The ECL rates are based on the past repayment history and the historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL 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 expected credit loss allowance of HK$1,259,000 (2020: HK$2,286,000) were made as at 31 March 2021.

Movements on the Group's provision for expected credit losses of trade receivables are disclosed in Note 18.

Provision of expected credit loss allowance on trade receivables are presented as net provision within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

1 Financial risk factors (continued)

(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.

The Group had a loss from continuing operations of HK$359,298,000 (2020: HK$475,082,000) for the year ended 31 March 2021. The Group had an operating cash inflow of HK$548,087,000 (2020: HK$648,567,000), but if including the payment of lease liabilities (including interest) of HK$627,863,000 (2020: HK$774,472,000), there was cash outflow of HK$79,776,000 (2020: HK$125,905,000) during the year ended 31 March 2021.

Management considered that based on the Group's cash and bank balances of HK$526,404,000 (2020: HK$641,503,000) as at 31 March 2021, coupled with readily undrawn available banking facilities of approximately HK$171 million (2020: HK$141 million) and considering the potential impact of the COVID-19 pandemic on the Group's operation and the pace of recovery from the COVID-19 pandemic, the Group has adequate liquidity and financial resources to meet in full its financial obligations and the working capital requirements in the next twelve months from the balance sheet date.

As at 31 March 2021, the Group's financial liabilities were mainly trade payables and other payables amounting to HK$409,225,000 (2020: HK$374,993,000), which were substantially due within 3 months, and lease liabilities amounting to HK$349,603,000 (2020: HK$574,006,000) and HK$299,513,000 (2020: HK$505,064,000) were due within 12 months and over 12 months respectively.

(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 of the Group are short-term bank deposits and time deposits, details of which have been disclosed in Note 20. 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 policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group defines the capital of the Group as the total shareholders' equity.

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. As at 31 March 2021 and 2020, the Group had no borrowings, the gearing ratio is not applicable.

As at 31 March 2021, the Group maintained a cash position of HK$526,404,000 (2020: HK$641,503,000).

3 Fair value estimation

There were no financial assets nor liabilities carried at fair value as at 31 March 2021. The table below analyses the Group's financial liabilities carried at fair value as at 31 March 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2020

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Liabilities				
Derivatives used for hedging				
– Forward foreign exchange contracts	–	19	–	19
Total liabilities	–	19	–	19

Forward foreign exchange contracts had been fair valued using forward exchange rates that were quoted in an active market.

There were no changes in valuation techniques during the year ended 31 March 2020.

There was no movement for the transfer between each level of financial assets and liabilities during the year ended 31 March 2020.

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) Deferred tax assets in respect of tax losses and temporary differences

As at 31 March 2021, the Group did not recognise deferred tax assets of HK$114,715,000 (2020: HK$63,420,000) in respect of tax losses and temporary differences amounting to HK$566,235,000 (2020: HK$270,828,000) and HK$45,080,000 (2020: HK$41,571,000) 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.

(ii) Impairment of non-financial assets

The Group conducts impairment reviews of non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value-in-use based on discounted future cash flows. Where the discounted actual future cash flows are less than expected, an impairment loss may arise. During the year, after reviewing the business environment as well as the Group's strategies and past performance of its cash-generating units, management concluded that there was impairment of right-of-use assets and property, plant and equipment total of HK$57,679,000 (2020: HK$270,455,000). Management believes that any reasonably possible changes in the assumptions used in the impairment reviews would not affect management's view on impairment at current year end.

(iii) Provision for inventory

The Group estimates the provision for inventory based on the inventory turnover days and sales performance of inventories and made specific provision for near-expiry and slow-moving inventories, taking into consideration of the recent market conditions under the impact of the COVID-19 pandemic, sales strategy, goods return arrangement with suppliers, and marketability of inventories. The Group also estimates the shrinkage provision with reference to the level of inventory loss in current year.

Provision for inventory is recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised. The quantification of inventory provision requires the use of estimates and judgement. Where the outcomes are different from the original estimates, such differences will impact the carrying value of inventories and provisions for inventory in the years in which such estimates have been changed.

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 2021, 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 incorporated in the British Virgin Islands and Million Fidelity International Limited 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 has met for the Group's activity described below:

Sale of goods – retail and e-commerce transactions
The Group sells cosmetic products through chain of retail stores and e-commerce platforms. Revenue from the sale of goods is recognised at a point in time when a group entity sells and has delivered a product to the customer and the Group receives sales and acceptance confirmations, and there is no unfulfilled obligation that affects the customer's acceptance of the products. Payment of the transaction price is due immediately when the customer purchases the goods. The Group estimates the sales return provision based on accumulated experience and considers that no provision is recognised as the amount of returns is immaterial.

Sale of goods – wholesale
Sales are recognised at a point in time when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that affects the wholesaler's acceptance of the products.

The goods are often sold with sales discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, if any. No element of financing is deemed present.

Slide display rental income
Slide display rental income is recognised on a straight-line basis in accordance with the terms of the relevant agreements.

2 Revenue and other income (continued)

Accounting Policy (continued)

Customer loyalty programme
The Group operates a customer loyalty programme, where certain customers accumulate points for purchases made which entitle them to purchase goods for free or at a discount price. The customer loyalty programme gives rise to a separate performance obligation because it provides a material right to the customer and allocates a portion of the transaction price to the loyalty credits awarded to customers based on the relative stand-alone selling price. All awarded points are expired on 31 March and there was no material award points outstanding as at year end.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers the promised goods to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer the promised goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group is principally engaged in the retailing and wholesaling of cosmetic products. Turnover represents the sales of goods to customers. An analysis of revenues and other income recognised during the year is as follows:

	2021 **HK$'000**	2020 HK$'000
Turnover – recognised under HKFRS 15 at a point in time		
Retail and wholesale	**3,043,029**	5,717,283
Other income – recognised under other accounting standards		
Slide display rental income	**23,526**	64,373
Government subsidies (Note (i))	**118,817**	–
	142,343	64,373

Note:
(i) Wage subsidies of HK$112,409,000 were granted from the Hong Kong SAR government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020 during the year ended 31 March 2021.

Government subsidies of HK$3,400,000 were granted from the one-off Retail Sector Subsidy Scheme, and Beauty Parlours, Massage Establishments and Party Rooms Subsidy Scheme under Anti-Epidemic Fund launched by the Government of the Hong Kong SAR. The Group has complied all attached conditions before 31 March 2021 and recognised in the consolidated income statement.

Remaining subsidies of HK$3,008,000 were granted from other subsidy schemes launched by government of Macau SAR and Malaysia. The Group has complied all attached conditions before 31 March 2021 and recognised in the consolidated income statement.

2 Revenue and other income (continued)

(a) Revenue recognition in relation to contract liabilities

As at 31 March 2021 and 2020, contract liabilities included receipts in advance and deferred revenue for customer loyalty programme amounting to HK$22,320,000 (2020: HK$29,869,000) and nil (2020: HK$7,302,000) respectively.

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

	2021 **HK$'000**	2020 HK$'000
Revenue recognised that was included in the receipts in advance and deferred revenue balance at the beginning of the year	**37,171**	25,933

There is no revenue recognised during the current year (2020: Nil) 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, Mainland China, Online business 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 2021				
	Hong Kong & Macau SARs HK$'000	**Mainland China HK$'000**	**Online business HK$'000**	**Malaysia HK$'000**	**Total HK$'000**
Turnover	**1,999,822**	**289,853**	**501,305**	**252,049**	**3,043,029**
Segment results	**(352,900)**	**(12,699)**	**8,791**	**(2,490)**	**(359,298)**
Other information					
Capital expenditure	**37,904**	**15,470**	**170**	**3,851**	**57,395**
Finance income	**4,846**	**187**	**15**	**1,401**	**6,449**
Finance costs	**14,116**	**782**	**–**	**1,551**	**16,449**
Income tax credit	**(40,335)**	**–**	**(706)**	**(1,142)**	**(42,183)**
Depreciation of property, plant and equipment	**70,836**	**4,700**	**408**	**10,993**	**86,937**
Depreciation of right-of-use assets	**380,842**	**12,252**	**–**	**35,091**	**428,185**
Provision/(reversal of provision) for slow moving inventories and shrinkage	**43,709**	**(3,843)**	**3,266**	**185**	**43,317**
Impairment of property, plant and equipment	**4,235**	**–**	**–**	**597**	**4,832**
Impairment of right-of-use assets	**52,183**	**–**	**–**	**664**	**52,847**

	For the year ended 31 March 2020				
	Hong Kong & Macau SARs HK$'000	Mainland China HK$'000	Online business HK$'000	Malaysia HK$'000	Total HK$'000
Turnover	4,739,382	243,013	344,671	390,217	5,717,283
Segment results	(413,559)	(37,987)	(39,736)	16,200	(475,082)
Other information					
Capital expenditure	71,300	4,488	8,299	6,907	90,994
Finance income	15,458	173	50	1,766	17,447
Finance costs	23,553	498	–	1,969	26,020
Income tax (credit)/expense	(80,954)	–	(11,126)	5,164	(86,916)
Depreciation of property, plant and equipment	93,360	4,142	2,591	17,187	117,280
Depreciation of right-of-use assets	698,918	10,510	–	39,412	748,840
Provision for slow moving inventories and shrinkage	84,026	7,162	3,257	2,691	97,136
Impairment of property, plant and equipment	22,162	2,003	–	351	24,516
Impairment of right-of-use assets	243,180	2,274	–	485	245,939

3 Segment information (continued)

	Hong Kong & Macau SARs HK$'000	Mainland China HK$'000	Online business HK$'000	Malaysia HK$'000	Total HK$'000
At 31 March 2021					
Non-current assets	**822,663**	**49,633**	**3,235**	**53,146**	**928,677**
Current assets	**1,080,588**	**149,461**	**166,947**	**185,209**	**1,582,205**
Total assets as per consolidated statement of financial position					**2,510,882**
At 31 March 2020					
Non-current assets	1,174,950	21,919	1,706	77,329	1,275,904
Current assets	1,540,945	124,153	95,195	184,455	1,944,748
Total segment assets					3,220,652
Discontinued operation					46,535
Total assets as per consolidated statement of financial position					3,267,187

4 Other gains – net

	Significant Accounting Policies No. 8	
	2021 HK$'000	2020 HK$'000
Net exchange gains	**5,959**	1,009

5 Expenses by nature

	2021 HK$'000	2020 HK$'000
Cost of inventories sold	**1,947,881**	3,537,682
Employee benefit expenses (including directors' emoluments) (Note 6)	**646,008**	964,624
Depreciation expenses		
– right-of-use assets (Note 14)	**428,185**	748,840
– property, plant and equipment (Note 13)	**86,937**	117,280
Building management fees, government rent and rates	**88,505**	102,425
Lease rentals in respect of land and buildings		
– lease rental for short-term leases	**67,675**	47,970
– contingent rent	**28,563**	37,402
– rent concession related to COVID-19 (Note)	**(88,461)**	(29,031)
Advertising and promotion expenses	**48,675**	75,711
Provision for slow moving inventories and shrinkage (Note 17)	**43,317**	97,136
Transportation, storage and delivery charges	**38,952**	40,315
Outsource warehouse handling expense	**31,249**	20,799
Utilities and telecommunication	**28,070**	49,803
Bank and credit card charges	**25,763**	45,919
Repair and maintenance	**25,731**	35,268
Packaging expenses	**9,023**	35,584
Postage, printing and stationery	**8,579**	12,372
Auditors' remuneration		
– audit services	**2,568**	3,289
– non-audit services	**996**	1,369
Donations	**1,809**	2,188
Write-off of property, plant and equipment (Note 13)	**1,126**	9,712
Others	**53,982**	108,978
	3,525,133	6,065,635
Representing:		
Cost of sales	**1,991,198**	3,634,818
Selling and distribution costs	**1,325,402**	2,151,949
Administrative expenses	**208,533**	278,868
	3,525,133	6,065,635

Note:
Rent concession related to COVID-19 amounted to HK$88,461,000 (2020: HK$29,031,000) has been included in selling and distribution costs.

6 Employee benefit expenses (including directors' emoluments)

	Significant Accounting Policies No. 9	
	2021	2020
	HK$'000	HK$'000
Basic salaries, bonuses, housing allowances, other allowances and benefits-in-kind	**614,123**	917,418
Retirement benefit costs (Note 24(b))	**29,946**	42,782
Directors' fees	**1,158**	1,285
Share-based payment (Note 25(c))	**781**	3,139
	646,008	964,624

7 Director and senior management emoluments

(a) Directors' emoluments

Directors' emoluments comprise payments to the Company's directors (including three (2020: 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 (2020: HK$257,400) each. 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 (2020: 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:

	2021	2020
	HK$'000	HK$'000
Directors' fees	**1,158**	1,285
Basic salaries, housing allowances, other allowances and benefits-in-kind	**5,684**	7,524
Discretionary bonuses	**388**	530
Retirement benefit costs	**171**	213
Share-based payment	**35**	536
	7,436	10,088

7 Director and senior management emoluments (continued)

(a) Directors' emoluments (continued)

The directors' emoluments of the Company were as follows:

	Directors' fees HK$'000	Basic salaries, housing allowances, other allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
For the year ended 31 March 2021						
Executive Directors						
Dr KWOK Siu Ming Simon (ii)	–	1,697	71	–	–	1,768
Dr KWOK LAW Kwai Chun Eleanor	–	1,540	65	–	–	1,605
Dr LOOK Guy	–	1,910	–	134	27	2,071
Ms KWOK Sze Wai Melody (iv)	–	537	252	37	–	826
Non-executive Director						
Ms LEE Yun Chun Marie-Christine	222	–	–	–	3	225
Independent Non-executive Directors						
Ms KI Man Fung Leonie	292	–	–	–	2	294
Mr TAN Wee Seng	352	–	–	–	3	355
Mr CHAN Hiu Fung Nicholas (iv)	292	–	–	–	–	292
	1,158	5,684	388	171	35	7,436

7 Director and senior management emoluments (continued)

(a) Directors' emoluments (continued)

The directors' emoluments of the Company were as follows:

	Directors' fees HK$'000	Basic salaries, housing allowances, other allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Share-based payment (i) HK$'000	Total HK$'000
For the year ended 31 March 2020						
Executive Directors						
Dr KWOK Siu Ming Simon (ii)	–	2,345	238	–	–	2,583
Dr KWOK LAW Kwai Chun Eleanor	–	2,128	216	–	–	2,344
Dr LOOK Guy	–	2,688	–	188	310	3,186
Ms KWOK Sze Wai Melody (iv)	–	363	76	25	67	531
Non-executive Director						
Ms LEE Yun Chun Marie-Christine	247	–	–	–	53	300
Independent Non-executive Directors						
Ms TAM Wai Chu Maria (iii)	143	–	–	–	–	143
Ms KI Man Fung Leonie	323	–	–	–	53	376
Mr TAN Wee Seng	390	–	–	–	53	443
Mr CHAN Hiu Fung Nicholas (iv)	182	–	–	–	–	182
	1,285	7,524	530	213	536	10,088

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) Ms TAM Wai Chu Maria retired as an Independent Non-executive Director of the Company after the conclusion of the annual general meeting held on 2 September 2019.

(iv) Ms KWOK Sze Wai Melody and Mr CHAN Hiu Fung Nicholas were appointed as an Executive Director and an Independent Non-executive Director of the Company respectively after the conclusion of the annual general meeting held on 2 September 2019.

No compensation for loss of office has been paid to the directors for the years ended 31 March 2021 and 2020.

Except for one non-executive director and three independent non-executive directors who waived emoluments of HK$35,000 (2020: HK$10,000) and a range of HK$46,000 to HK$55,000 (2020: HK$14,000 to HK$17,000) respectively, no other directors waived any emoluments in the years ended 31 March 2021 and 2020.

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 (2020: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2020: two) individuals during the year were as follows:

	2021 **HK$'000**	2020 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,624**	6,239
Share-based payment	**252**	1,377
Retirement benefit costs	**147**	167
Discretionary bonuses	**85**	191
	3,108	7,974

The emoluments of the individuals fell within the following bands:

	Number of individuals	
Emoluments bands	**2021**	2020
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,500,001 – HK$3,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**–**	1

(c) Senior management emoluments (excluding directors' emoluments)

The details of the senior management emoluments (excluding directors' emoluments) payable during the year were as follows:

	2021 **HK$'000**	2020 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,624**	6,747
Share-based payment	**252**	554
Retirement benefit costs	**147**	384
Discretionary bonuses	**85**	594
	3,108	8,279

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 2021	2020
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**1**	2
HK$2,000,001 – HK$2,500,000	**–**	1
HK$2,500,001 – HK$3,000,000	**–**	1
	2	4

8 Finance income and costs

Accounting Policy

Interest income on financial assets at amortised cost is calculated using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

The accounting policy of interest expenses on lease liabilities is disclosed in Note 14.

	2021 HK$'000	2020 HK$'000
Finance income from:		
Interest income on bank deposits	**4,344**	14,648
Others	**2,105**	2,799
	6,449	17,447
Finance costs from:		
Interest expenses on lease liabilities	**16,449**	26,020

9 Income tax credit

Accounting Policy

The tax credit for the year comprise current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax credit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

9 Income tax credit (continued)

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 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.

	2021 HK$'000	2020 HK$'000
Current tax:		
Hong Kong profits tax		
Current	**2,277**	4,967
Over-provision in previous years	**(10,013)**	(506)
Overseas taxation		
Current	**251**	14,960
Over-provision in previous years	**(340)**	(139)
Total current tax	**(7,825)**	19,282
Deferred tax (Note 16):		
Increase in net deferred tax assets	**(34,358)**	(106,198)
Income tax credit	**(42,183)**	(86,916)
Income tax credit is attributable to:		
Loss from continuing operations	**(42,183)**	(86,916)
Profit/(loss) from discontinued operation	**–**	–
	(42,183)	(86,916)

The income tax credit on the Group's loss before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong SAR as follows:

	2021 HK$'000	2020 HK$'000
Loss before income tax from continuing operations	**(401,481)**	(561,998)
Profit/(loss) before income tax from discontinued operation	**7,930**	(40,854)
	(393,551)	(602,852)
Tax calculated at a taxation rate of 16.5% (2020: 16.5%)	**(64,936)**	(99,470)
Effect of different taxation rates in other countries (Note)	**(287)**	(1,712)
Expenses not deductible for income tax purposes	**13,797**	8,003
Income not subject to income tax	**(21,513)**	(2,917)
Unrecognised tax losses	**41,109**	9,825
Over-provision in previous years	**(10,353)**	(645)
Income tax credit	**(42,183)**	(86,916)

Note:
The Group was subject to different tax jurisdictions mainly in Macau SAR, Malaysia, Mainland China and Singapore with tax rate ranged from 12% to 25% (2020: 12% to 25%).

10 Discontinued operation

Accounting Policy

A discontinued operation is a component of the Group's business, the operation and cash flow of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued, a single amount is presented in the consolidated income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

During the year ended 31 March 2020, the Group discontinued the business of retailing of cosmetic products in Singapore. The results of Singapore retail operation for the years ended 31 March 2021 and 2020 are presented below:

	2021 **HK$'000**	2020 HK$'000
Turnover	**–**	253,222
Other income and gains – net	**7,930**	184
Cost of sales and expenses	**–**	(294,260)
Profit/(loss) before income tax	**7,930**	(40,854)
Income tax expense	**–**	–
Profit/(loss) from discontinued operation	**7,930**	(40,854)
Currency translation differences of foreign subsidiaries recorded in translation reserve	**(487)**	(4,992)
Total comprehensive income/(loss) from discontinued operation	**7,443**	(45,846)

Profit/(loss) for the year of Singapore retail operation has been arrived at after (crediting)/charging:

	2021 **HK$'000**	2020 HK$'000
Government subsidies	**(5,901)**	–
Depreciation of property, plant and equipment (Note 13)	**–**	3,713
Depreciation of right-of-use assets (Note 14)	**–**	33,471
Write-off of property, plant and equipment (Note 13)	**–**	5,416
Reversal of provision for slow moving inventories and shrinkage (Note 17)	**–**	(686)
Interest expenses on lease liabilities (Note 14)	**–**	822

10 Discontinued operation (continued)

The net cash flows of Singapore retail operation are as follows:

	2021 HK$'000	2020 HK$'000
Net cash generated from operating activities	**1,613**	59,742
Net cash generated from/(used in) investing activities	**366**	(1,954)
Net cash used in financing activities	**(31,943)**	(39,858)
Net cash (outflow)/inflow	**(29,964)**	17,930

Earnings/(loss) per share for profit/(loss) from discontinued operation attributable to owners of the Company for the year are as follows:

	2021 HK cents	2020 HK cents
Basic earnings/(loss) per share from discontinued operation	**0.3**	(1.3)
Diluted earnings/(loss) per share from discontinued operation	**0.3**	(1.3)

11 Loss per share

Accounting Policy

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing cost associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

11 Loss per share (continued)

From continuing operations

(a) Basic loss per share from continuing operations is calculated by dividing the loss from continuing operations attributable to owners of the Company by the weighted average number of ordinary shares in issue less the total number of shares held under the Share Award Scheme during the year.

	2021	2020
Loss from continuing operations attributable to owners of the Company (HK$'000)	**(359,298)**	(475,082)
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	**3,101,209**	3,096,414

(b) For the years ended 31 March 2021 and 2020, diluted loss per share from continuing operations equals to basic loss per share from continuing operations as the potential ordinary shares were not included in the calculation of diluted loss per share because they are anti-dilutive.

From continuing and discontinued operations

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

	2021	2020
Loss from continuing operations attributable to owners of the Company (HK$'000)	**(359,298)**	(475,082)
Profit/(loss) from discontinued operation attributable to owners of the Company (HK$'000)	**7,930**	(40,854)
Loss for the purpose of basic and diluted loss per share from continuing and discontinued operations (HK$'000)	**(351,368)**	(515,936)
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	**3,101,209**	3,096,414

12 Dividends

Accounting Policy

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

The Board has not recommended the payment of final dividend for the year ended 31 March 2021 (2020: Nil).

13 Property, plant and equipment

Accounting Policy

Land and buildings mainly comprise offices. Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Over remaining lease term
Buildings	20-36 years
Leasehold improvements	Over shorter of lease term or 6 years
Equipment, furniture and fixtures	3-5 years
Motor vehicles and vessel	4-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount **(Significant Accounting Policies No. 5)**.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

Please refer to **Critical Accounting Estimates and Judgements (ii)** for estimates and judgements on impairment for property, plant and equipment.

13 Property, plant and equipment (continued)

	Land and buildings HK$'000	Leasehold improve-ments HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles and vessel HK$'000	Total HK$'000
At 31 March 2019					
Cost	190,790	680,635	280,687	20,123	1,172,235
Accumulated depreciation and impairment	(66,125)	(510,450)	(227,821)	(16,739)	(821,135)
Net book amount	124,665	170,185	52,866	3,384	351,100
Year ended 31 March 2020					
Opening net book amount	124,665	170,185	52,866	3,384	351,100
Additions	–	57,705	32,357	2,767	92,829
Write-off	–	(4,621)	(10,507)	–	(15,128)
Depreciation	(5,629)	(85,413)	(28,163)	(1,788)	(120,993)
Impairment losses	–	(24,403)	(113)	–	(24,516)
Exchange differences	–	(1,339)	(397)	(25)	(1,761)
Closing net book amount	119,036	112,114	46,043	4,338	281,531
At 31 March 2020					
Cost	190,790	613,620	265,783	22,031	1,092,224
Accumulated depreciation and impairment	(71,754)	(501,506)	(219,740)	(17,693)	(810,693)
Net book amount	119,036	112,114	46,043	4,338	281,531
Year ended 31 March 2021					
Opening net book amount	119,036	112,114	46,043	4,338	281,531
Additions	–	36,140	21,042	213	57,395
Write-off	–	(20)	(1,106)	–	(1,126)
Disposals	–	(247)	(5)	–	(252)
Depreciation	(5,629)	(56,757)	(22,615)	(1,936)	(86,937)
Impairment losses	–	(4,722)	(110)	–	(4,832)
Exchange differences	–	704	219	12	935
Closing net book amount	**113,407**	**87,212**	**43,468**	**2,627**	**246,714**
At 31 March 2021					
Cost	**190,790**	**594,054**	**265,463**	**19,840**	**1,070,147**
Accumulated depreciation and impairment	**(77,383)**	**(506,842)**	**(221,995)**	**(17,213)**	**(823,433)**
Net book amount	**113,407**	**87,212**	**43,468**	**2,627**	**246,714**

13 Property, plant and equipment (continued)

(a) Depreciation expense of HK$67,589,000 (2020: HK$98,001,000) was included in selling and distribution costs from continuing operations, HK$19,348,000 (2020: HK$19,279,000) was included in administrative expenses from continuing operations and nil (2020: HK$3,713,000) was included in profit/(loss) for the year from discontinued operation.

(b) Write-off of property, plant and equipment of HK$1,126,000 (2020: HK$9,712,000) was included in selling and distribution costs from continuing operations and nil (2020: HK$5,416,000) was included in profit/(loss) for the year from discontinued operation.

(c) As at 31 March 2021, net book amount of retail store assets represented property, plant and equipment and right-of-use assets amounting to HK$64,155,000 (2020: HK$79,514,000) and HK$345,088,000 (2020: HK$619,328,000) respectively. The Group regards each individual retail store as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the retail store assets, including property, plant and equipment and right-of-use assets, which have an impairment indicator.

The carrying amount of the retail store assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenure of the lease, with major assumptions such as revenue growth rate, percentage change of running costs and gross profit margin. As a result, an impairment loss of property, plant and equipment and right-of-use assets of HK$4,832,000 (2020: HK$24,516,000) and HK$52,847,000 (Note 14) (2020: HK$245,939,000) respectively were recognised in selling and distribution costs.

Key assumptions used in the value-in-use calculations for the recoverable amount of retail store assets in Hong Kong and Macau SARs market are as follows:

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

14 Leases

Accounting Policy

The Group as lessee

The Group leases various retail stores, warehouses and offices. Rental contracts are typically made for fixed periods from 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liabilities and finance costs. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- restoration costs; and
- any initial direct costs.

14 Leases (continued)

Accounting Policy (continued)

The Group as lessee (continued)
Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group accounts for a lease modification as a separate lease if:

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

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

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

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

The Group as lessor
The Group enters into lease agreements as a lessor with respect to some of its leased properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

14 Leases (continued)

(a) Right-of-use assets

	Store properties HK$'000	Warehouses and offices properties HK$'000	Total HK$'000
At 1 April 2019	1,401,774	220,254	1,622,028
Inception of lease contracts	416,017	4,169	420,186
Reassessment of lease term	(178,502)	(29,944)	(208,446)
Adjustment for lease modification	(38,232)	(1,330)	(39,562)
Depreciation	(731,674)	(50,637)	(782,311)
Impairment losses	(245,939)	–	(245,939)
Exchange difference	(4,116)	(733)	(4,849)
At 31 March and 1 April 2020	619,328	141,779	761,107
Inception of lease contracts	172,780	13,497	186,277
Adjustment for lease modification	(10,938)	(981)	(11,919)
Depreciation	(385,772)	(42,413)	(428,185)
Impairment losses	(52,847)	–	(52,847)
Exchange difference	2,537	272	2,809
At 31 March 2021	**345,088**	**112,154**	**457,242**

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 (2020: 1 to 10 years).

During the year ended 31 March 2021, depreciation of right-of-use assets of HK$421,013,000 (2020: HK$741,543,000) was included in selling and distribution costs from continuing operations, HK$7,172,000 (2020: HK$7,297,000) was included in administrative expenses from continuing operations and nil (2020: HK$33,471,000) was included in profit/(loss) for the year from discontinued operation.

Some of the property leases which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable lease terms are used to link lease payments to store cash flows and reduce fixed cost. The variable lease payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next few years, variable lease payments are expected to continue to present a similar proportion of store sales in future years.

For details of impairment losses on right-of-use assets, refer to Note 13(c).

14 Leases (continued)

(b) Lease liabilities

	2021 HK$'000	2020 HK$'000
At 1 April	**1,079,070**	1,671,119
Inception of lease contracts	**186,156**	414,839
Reassessment of lease term	**–**	(208,446)
Adjustment for lease modification	**(8,381)**	(42,131)
Interest expenses on lease liabilities (Note)	**16,449**	26,842
Payment for lease liabilities (including interest)	**(627,863)**	(774,472)
Exchange difference	**3,685**	(8,681)
At 31 March	**649,116**	1,079,070

Note:
During the year ended 31 March 2021, interest expenses on lease liabilities of HK$16,449,000 (2020: HK$26,020,000) was included in finance costs from continuing operations and nil (2020: HK$822,000) was included in profit/(loss) for the year from discontinued operation.

Maturity analysis of lease liabilities is as follows:

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Not later than 1 year	**349,603**	574,006
Later than 1 year but not later than 5 years	**299,513**	505,064
	649,116	1,079,070
Less: portion classified as current liabilities	**(349,603)**	(574,006)
Non-current liabilities	**299,513**	505,064

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

As at 31 March 2021, the total future lease payments for short-term leases and not yet commenced leases amounted to HK$50,951,000 (2020: HK$20,183,000) and HK$21,653,000 (2020: HK$18,715,000) respectively.

15 Rental deposits and other assets

Significant Accounting Policies No. 6

	2021 HK$'000	2020 HK$'000
Rental and other deposits	**69,347**	112,568
Others	**5,552**	5,552
	74,899	118,120

Rental deposits are carried at amortised cost using the effective interest rate of 0.66% to 1.79% per annum (2020: 0.66% to 1.70% per annum). The carrying amounts of rental deposits approximate their fair values.

16 Deferred tax

Accounting Policy

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Please refer to **Critical Accounting Estimates and Judgements (i)** 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:

	2021 **HK$'000**	2020 HK$'000
Deferred tax assets	**149,822**	115,146
Deferred tax liabilities	**(124)**	(52)
Deferred tax assets – net	**149,698**	115,094

The movement in net deferred tax assets is as follows:

	2021 **HK$'000**	2020 HK$'000
At 1 April	**115,094**	9,285
Deferred tax credited to the consolidated income statement (Note 9)	**34,358**	106,198
Exchange differences	**246**	(389)
At 31 March	**149,698**	115,094

As at 31 March 2021 and 2020, except for the deferred tax assets on certain provisions were expected to be recovered within 12 months, substantially all remaining balances of other deferred tax assets and liabilities were expected to be recovered after 12 months.

16 Deferred tax (continued)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred tax assets	Decelerated tax depreciation		Leases		Provisions		Tax losses		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**6,985**	2,406	**44,362**	4,691	**2,074**	3,302	**61,725**	–	**115,146**	10,399
Credited/(charged) to the consolidated income statement	**578**	4,732	**(19,704)**	39,694	**(464)**	(1,015)	**54,020**	61,725	**34,430**	105,136
Exchange differences	**136**	(153)	**11**	(23)	**99**	(213)	**-**	–	**246**	(389)
At 31 March	**7,699**	6,985	**24,669**	44,362	**1,709**	2,074	**115,745**	61,725	**149,822**	115,146

Deferred tax liabilities	Accelerated tax depreciation	
	2021	2020
	HK$'000	HK$'000
At 1 April	**52**	1,114
Charged/(credited) to the consolidated income statement	**72**	(1,062)
At 31 March	**124**	52

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$114,715,000 (2020: HK$63,420,000) in respect of tax losses amounting to HK$566,235,000 (2020: HK$270,828,000) and temporary differences amounting to HK$45,080,000 (2020: HK$41,571,000) that can be carried forward against future taxable income. Tax losses amounting to HK$164,534,000 (2020: HK$121,044,000) and HK$20,341,000 (2020: HK$37,216,000) will expire within 1 to 5 years and 5 to 10 years respectively from 31 March 2021. The remaining tax losses and capital allowances have no expiry date.

17 Inventories

Accounting Policy

Inventories comprise merchandise and are stated at the lower of cost and net realisable value.

Cost represents the invoiced cost of inventories plus the applicable freight and duties. Costs are assigned to individual items on the weighted-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of inventories.

Please refer to **Critical Accounting Estimates and Judgements (iii)** for estimates and judgements on provision for inventory.

17 Inventories (continued)

	2021 **HK$'000**	2020 HK$'000
Merchandise for resale	**766,107**	1,005,900

The cost of inventories recognised in cost of sales from continuing operations and profit/(loss) for the year from discontinued operation amounted to HK$1,947,881,000 (2020: HK$3,537,682,000) and nil (2020: HK$132,249,000) respectively.

During the year, the Group has made a provision of HK$43,317,000 (2020: HK$96,450,000) for slow moving inventories and shrinkage and it was included in cost of sales from continuing operations amounted to HK$43,317,000 (2020: HK$97,136,000) and nil has been included in profit/(loss) for the year from discontinued operation (2020: reversal of provision HK$686,000).

18 Trade receivables

Accounting Policy

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Please refer to **Significant Accounting Policies No.6 (iv**) for policies on impairment of financial assets.

	2021 **HK$'000**	2020 HK$'000
Trade receivables	**78,231**	62,903
Less: Provision for expected credit losses	**(1,259)**	(2,286)
Trade receivables – net	**76,972**	60,617

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:

	2021 **HK$'000**	2020 HK$'000
Within 1 month	**53,418**	30,952
1 to 3 months	**13,887**	14,396
Over 3 months	**9,667**	15,269
	76,972	60,617

18 Trade receivables (continued)

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

	2021 HK$'000	2020 HK$'000
At 1 April	**2,286**	2,263
Provision for impairment	**5**	105
Receivables written off during the year as uncollectible	**(1,045)**	–
Exchange differences	**13**	(82)
At 31 March	**1,259**	2,286

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:

	2021 HK$'000	2020 HK$'000
Renminbi	**59,019**	46,530
Hong Kong dollar	**15,863**	13,248
US dollar	**1,409**	774
Others	**681**	65
	76,972	60,617

19 Other receivables, deposits and prepayments

Accounting Policy

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

If collection of other receivables is expected to be in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Please refer to **Significant Accounting Policies No.6 (iv)** for policies on impairment of financial assets.

	2021 HK$'000	2020 HK$'000
Rental and utilities deposits	**105,972**	122,418
Other receivables and payment in advance	**42,211**	99,012
Prepayments	**30,497**	27,477
Other deposits	**23,415**	27,330
	202,095	276,237

The carrying amounts of other receivables and deposits approximate their fair values. The other receivables are due and receivable within one year from the end of the reporting period.

20 Cash and bank balances

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2021 **HK$'000**	2020 HK$'000
Time deposits	**21,012**	82,122
Short-term bank deposits	**236,931**	348,804
Cash at bank and on hand	**268,461**	210,577
Cash and cash equivalents	**505,392**	559,381
Total	**526,404**	641,503

Cash and bank balances are denominated in the following currencies:

	2021 **HK$'000**	2020 HK$'000
Hong Kong dollar	**369,202**	451,349
Malaysian Ringgit	**80,855**	65,308
Macau Pataca	**18,748**	15,013
Renminbi	**18,213**	21,409
US dollar	**12,915**	27,188
Swiss Franc	**7,858**	14,525
Euro	**7,703**	6,783
Singapore dollar	**6,786**	35,126
Others	**4,124**	4,802
	526,404	641,503

The year-end effective interest rate on time deposits over three months was 1.75% per annum (2020: 2.82% per annum). These deposits have an average maturity of 12 months (2020: 6 months).

The year-end effective interest rate on short-term bank deposits was 0.39% per annum (2020: 2.40% per annum). These deposits have an average maturity of 3 months (2020: 1 month).

As at 31 March 2021, total cash and bank balances denominated in Renminbi and Malaysian Ringgit of approximately HK$98,106,000 (2020: HK$85,023,000) were kept in Mainland China and Malaysia. The remittance of these funds out of Mainland China and Malaysia is subject to applicable foreign exchange restrictions imposed by the respective local governments.

21 Trade payables

Accounting Policy

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The ageing analysis of trade payables by invoice date is as follows:

	2021	2020
	HK$'000	HK$'000
Within 1 month	**175,997**	79,430
1 to 3 months	**76,668**	84,716
Over 3 months	**37,565**	55,100
	290,230	219,246

The carrying amounts of trade payables approximate their fair values.

Trade payables are denominated in the following currencies:

	2021	2020
	HK$'000	HK$'000
Hong Kong dollar	**165,296**	117,069
Renminbi	**59,430**	48,786
US dollar	**21,225**	16,490
Malaysian Ringgit	**14,326**	15,126
Euro	**12,432**	8,751
Macau Pataca	**9,226**	224
Swiss Franc	**3,284**	5,976
Japanese Yen	**2,903**	1,363
South Korean Won	**1,937**	2,354
Singapore dollar	**105**	3,064
Others	**66**	43
	290,230	219,246

22 Other payables and accruals

Accounting Policy

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

	2021 **HK$'000**	2020 HK$'000
Accrued staff costs	**57,134**	66,609
Contract liabilities (Note 2)	**22,320**	37,171
Valued-added tax and other tax payables	**16,734**	15,674
Accrued capital expenditure	**15,321**	5,825
Accrued reinstatement costs	**12,850**	11,626
Accrued advertising and promotion expenses	**7,237**	11,468
Accrued repair & maintenance	**6,870**	9,033
Accrued transportation expenses	**6,465**	6,861
Accrued rental related expenses	**3,839**	15,597
Accrued utilities and telecommunication	**3,696**	5,790
Forward foreign exchange contracts (Note 23)	**–**	19
Other payables and accruals	**48,886**	49,384
	201,352	235,057

23 Forward foreign exchange contracts

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Movements on the hedging reserve in shareholders' equity are shown in Note 26. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in consolidated income statement within "other gains – net".

The Group designated certain forward foreign exchange contracts as cash flow hedges to hedge against the Group's purchases denominated in Euro and Swiss Franc. The Group generally designates the full change in fair value of the forward contract as the hedging instrument. Gains or losses relating to the effective portion of the change in the fair value of the forward foreign exchange contracts are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast purchase that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory), the gains and losses previously deferred in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold when these inventory are sold.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time, is recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the consolidated income statement within "other gains – net".

	2021		2020	
	Current assets HK$'000	**Current liabilities HK$'000**	Current assets HK$'000	Current liabilities HK$'000
Forward foreign exchange contracts – cash flow hedge	**–**	**–**	–	19

The maturity dates of the outstanding forward foreign exchange contracts as at 31 March 2020 are within one year and are classified as current liabilities.

23 Forward foreign exchange contracts (continued)

As at 31 March 2020, the notional principal amount of the outstanding forward foreign exchange contracts under cash flow hedges was HK$2,323,000. The hedges related to highly probable forecasted purchases denominated in Euro and Swiss Franc which are expected to occur at various dates within a 12-month period.

The forward foreign exchange contracts entered for the years ended 31 March 2021 and 2020 were determined to be effective hedges. There was no ineffectiveness to be recognised in the consolidated income statement.

24 Retirement benefit obligations

(a) Retirement benefit obligations

Significant Accounting Policies No. 9

	2021 **HK$'000**	2020 HK$'000
Retirement benefit obligations liability on:		
– long service payments (Note (b)(ii))	**1,864**	1,710

(b) Retirement benefit costs

	2021 **HK$'000**	2020 HK$'000
Retirement benefit costs charged to consolidated income statement:		
Retirement benefit costs		
– defined contribution plans (Note (i))	**29,841**	49,018
– long service payments (Note (ii))	**89**	71
	29,930	49,089
Representing:		
– Employee benefit expenses from continuing operations (Note 6)	**29,946**	42,782
– (Gain)/loss for the year from discontinued operation	**(16)**	6,307
	29,930	49,089
Retirement benefit costs charged/(credited) to other comprehensive income:		
– long service payments (Note (ii))	**105**	(1,992)

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 contributions are refundable to the Group.

The employees of the Group in Mainland China are members of state-managed retirement benefit schemes operated by the respective local government in Mainland China. The Group is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions.

24 Retirement benefit obligations (continued)

(b) Retirement benefit costs (continued)

Notes: (continued)

(ii) The Group's provision for long service payments are determined based on the actuarial valuation as at 31 March 2021 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 follow:

	Present value of obligations	
	2021	2020
	HK$'000	HK$'000
At 1 April	**1,710**	5,643
Current service cost	**89**	71
Retirement benefit costs charged to consolidated income statement	**89**	71
Remeasurements:		
Actuarial loss/(gain) – experience	**43**	(2,203)
Actuarial (gain)/loss – financial assumptions	**(30)**	211
Actuarial loss – demographic assumptions	**92**	–
Retirement benefit costs charged/(credited) to other comprehensive income	**105**	(1,992)
Benefits paid directly by the employer	**(40)**	(2,012)
At 31 March	**1,864**	1,710

The principal actuarial assumptions used are as follows:

	2021	2020
Discount rate	**1.3%**	0.6%
Expected rate of future salary increases	**3.5%**	3.5%

The sensitivity of the long service payments to changes in the weighted principal assumption is as follows:

Assumption	**Change to adopted rate**	**Effect on retirement benefit obligations**
Discount rate	+0.25%	–2.59%
	–0.25%	+2.68%
Expected rate of future salary increases	+0.25%	+8.83%
	–0.25%	–8.21%

25 Share capital

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Please refer to **Significant Accounting Policies No.10** for details on Share Options and Share Award Scheme.

Authorised shares of HK$0.1 each	**No. of shares**	**HK$'000**
At 31 March 2020 and 2021	8,000,000,000	800,000
Issued and fully paid shares of HK$0.1 each		
At 1 April 2019	3,095,602,403	309,560
Issue of shares upon scrip dividend of 2018/19 final dividend	7,587,055	759
At 31 March 2020 and 31 March 2021	**3,103,189,458**	**310,319**

(a) Share options

The 2002 Share Option Scheme was adopted on 29 August 2002 and terminated on 23 August 2012. No further options could be granted under the 2002 Share Option Scheme upon termination but the options already granted remained governed by the 2002 Share Option Scheme. The 2012 Share Option Scheme was adopted on 23 August 2012.

Under both the 2002 Share Option Scheme and the 2012 Share Option Scheme, share options may be granted to any directors (including executive, non-executive and independent non-executive directors) and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any members of the Group who the Board or a duly authorised committee thereof considers, in its sole discretion, to have contributed to the Group.

The option period shall be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the date of grant of the relevant option. The subscription price shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of: (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. The Group has no obligation to repurchase or settle the options in cash.

The outstanding share options of the Company were granted under the 2002 Share Option Scheme and the 2012 Share Option Scheme to the directors of the Company and certain key management personnel, which are to be vested after the selected employee completed a period of services in the Group from one to three years from the grant date or achieved certain performance targets set by the Board. All outstanding share options have been vested.

During the year ended 31 March 2021, no share option was granted under the 2012 Share Option Scheme (2020: 10,000,000).

25 Share capital (continued)

(a) Share options (continued)

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

	No. of share options year ended 31 March **2021**	2020
At 1 April	**32,009,988**	32,956,988
Granted	**–**	10,000,000
Lapsed	**(1,542,000)**	(10,947,000)
At 31 March	**30,467,988**	32,009,988

The expiry dates and subscription prices of the share options outstanding as at 31 March 2021 and 2020 are set out as follows:

Expiry dates	**Subscription price per share (HK$)**	**No. of share options outstanding as at 31 March** **2021**	2020
2002 Share Option Scheme			
29 September 2020	3.16	**–**	452,000
16 June 2021	4.95	**1,574,000**	1,690,000
28 February 2022	4.77	**22,145,988**	22,145,988
28 June 2022	4.85	**2,644,000**	2,787,000
2012 Share Option Scheme			
20 June 2023	8.07	**3,804,000**	4,635,000
12 April 2028	4.65	**300,000**	300,000
		30,467,988	32,009,988
Weighted average remaining contractual life of options outstanding at end of the year		**1.13 years**	2.13 years

25 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 from time to time. The awarded shares are to be vested after the selected employee completed a period of services in the Group from one week to three years from the grant date.

A trust has been set up and fully funded by the Company for the purpose of purchasing, administrating and holding the Company's shares for the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme is limited to 5% of the issued share capital of the Company.

During the year ended 31 March 2020, no share was acquired by the Company and 130,230 shares of the Company were issued to the Share Award Scheme as scrip dividend. During the year ended 31 March 2021, no share was acquired by the Company.

Movements in the number of awarded shares:

	Number of awarded shares year ended 31 March	
	2021	2020
At 1 April	**790,000**	435,000
Awarded (Note)	**350,000**	980,000
Vested	**(580,000)**	(470,000)
Lapsed	**(105,000)**	(155,000)
At 31 March	**455,000**	790,000

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$1.31 (2020: HK$2.15).

25 Share capital (continued)

(b) Share award (continued)

Details of the awarded shares outstanding as at 31 March 2021 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 2020	Awarded during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 March 2021
29 Jun 2018	4.98	29 Jun 2018 to 23 May 2021	140,000	–	(125,000)	–	15,000
21 Jun 2019	2.25	21 Jun 2019 to 30 Jun 2022	450,000	–	(225,000)	(25,000)	200,000
30 Sep 2019	1.74	30 Sep 2019 to 26 Mar 2022	200,000	–	(60,000)	(80,000)	60,000
9 Oct 2020	1.31	9 Oct 2020 to 30 Sep 2023	–	350,000	(170,000)	–	180,000
			790,000	**350,000**	**(580,000)**	**(105,000)**	**455,000**

* 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:

	2021 **HK$'000**	2020 HK$'000
Expenses recognised by share option scheme	**8**	1,536
Expenses recognised by share award scheme	**773**	1,603
	781	3,139

26 Reserves

	Share premium HK$'000	Shares held under the Share Award Scheme HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Hedging reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	1,412,707	(7,914)	11,783	56,678	(20)	(64,124)	(55,117)	1,353,993
Loss for the year	–	–	–	–	–	–	(351,368)	(351,368)
Other comprehensive income:								
Actuarial loss on retirement benefit obligations	–	–	–	–	–	–	(105)	(105)
Cash flow hedges, net of tax	–	–	–	–	20	–	–	20
Currency translation differences of foreign subsidiaries recorded in translation reserve	–	–	–	–	–	16,083	–	16,083
Total comprehensive loss for the year	–	–	–	–	20	16,083	(351,473)	(335,370)
Share award scheme:								
Value of employee services	–	–	–	773	–	–	–	773
Vesting of shares under share award scheme	–	2,448	–	(1,456)	–	–	(992)	–
Employee share option scheme:								
Value of employee services	–	–	–	8	–	–	–	8
Lapse of share options	–	–	–	(2,530)	–	–	2,530	–
Unclaimed dividends forfeited	–	–	–	–	–	–	420	420
Total transactions with owners, recognised directly in equity	–	2,448	–	(3,205)	–	–	1,958	1,201
At 31 March 2021	**1,412,707**	**(5,466)**	**11,783**	**53,473**	**-**	**(48,041)**	**(404,632)**	**1,019,824**

26 Reserves (continued)

	Share premium HK$'000	Shares held under the Share Award Scheme HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Hedging reserve HK$'000	Translation reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2019	1,400,644	(9,920)	11,783	57,996	(81)	(42,392)	734,692	2,152,722
Loss for the year	–	–	–	–	–	–	(515,936)	(515,936)
Other comprehensive loss:								
Actuarial gain on retirement benefit obligations	–	–	–	–	–	–	1,992	1,992
Cash flow hedges, net of tax	–	–	–	–	61	–	–	61
Currency translation differences of foreign subsidiaries recorded in translation reserve	–	–	–	–	–	(21,732)	–	(21,732)
Total comprehensive loss for the year	–	–	–	–	61	(21,732)	(513,944)	(535,615)
Share award scheme:								
Value of employee services	–	–	–	1,603	–	–	–	1,603
Vesting of shares under share award scheme	–	2,006	–	(1,445)	–	–	(561)	–
Employee share option scheme:								
Value of employee services	–	–	–	1,536	–	–	–	1,536
Lapse of share options	–	–	–	(3,012)	–	–	3,012	–
Issue of shares upon scrip dividend of 2018/19 final dividend	12,063	–	–	–	–	–	–	12,063
Unclaimed dividends forfeited	–	–	–	–	–	–	288	288
Dividend:								
2018/19 final dividend	–	–	–	–	–	–	(278,604)	(278,604)
Total transactions with owners, recognised directly in equity	12,063	2,006	–	(1,318)	–	–	(275,865)	(263,114)
At 31 March 2020	1,412,707	(7,914)	11,783	56,678	(20)	(64,124)	(55,117)	1,353,993

27 Cash flow information

(a) Cash generated from operations

	2021 HK$'000	2020 HK$'000
Loss for the year from continuing operations	**(359,298)**	(475,082)
Profit/(loss) for the year from discontinued operation	**7,930**	(40,854)
Loss for the year including discontinued operation	**(351,368)**	(515,936)
Adjustments for:		
– Income tax credit	**(42,183)**	(86,916)
– Depreciation of property, plant and equipment	**86,937**	120,993
– Depreciation of right-of-use assets	**428,185**	782,311
– Impairment of property, plant and equipment	**4,832**	24,516
– Impairment of right-of-use assets	**52,847**	245,939
– Write-off of property, plant and equipment	**1,126**	15,128
– Losses/(gains) on disposal of property, plant and equipment (Note 27(b))	**34**	(331)
– Provision for slow moving inventories and shrinkage	**43,317**	96,450
– Share-based payment	**781**	3,139
– Finance costs	**16,449**	26,842
– Finance income	**(6,457)**	(17,451)
	234,500	694,684
Changes in working capital:		
– Inventories	**205,100**	297,303
– Trade receivables	**(16,355)**	52,084
– Other receivables, deposits and prepayments	**118,476**	(9,959)
– Trade payables	**70,984**	(252,253)
– Other payables, accruals and retirement benefit obligations	**(43,599)**	(78,922)
Cash generated from operations	**569,106**	702,937

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

	2021 HK$'000	2020 HK$'000
Net book amount (Note 13)	**252**	–
Losses/(gains) on disposal of property, plant and equipment	**(34)**	331
Proceeds from disposal of property, plant and equipment	**218**	331

(c) The liabilities arising from financing activities represented the lease liabilities. For details of movement in lease liabilities, see Note 14(b).

28 Commitments

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

	2021 HK$'000	2020 HK$'000
Contracted but not provided for	**13,608**	14,594

29 Significant related party transactions

Accounting Policy

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, jointly controlled entities, associated companies and key management personnel, where the individual or company has the ability, directly or indirectly, control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. A close family member of any such individual is considered to be a related party.

(a) Transactions with related parties

	2021 HK$'000	2020 HK$'000
Rental paid to an entity wholly owned by executive directors	**2,204**	2,202

The related party transaction was conducted in accordance with terms mutually agreed with related party and in the ordinary course of business.

(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:

	2021 HK$'000	2020 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**29,885**	50,207
Retirement benefit costs	**1,116**	1,828
Share-based payment	**742**	3,030
	31,743	55,065

(c) Interest of directors

None of the directors received any termination benefits during the year ended 31 March 2021 (2020: Nil). During the year ended 31 March 2021, the Group did not pay consideration to any third parties for making available directors' services. As at 31 March 2021, there are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (2020: 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 (2020: Nil).

30 Principal subsidiaries

Particulars of the principal subsidiaries at 31 March 2021:

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.

30 Principal subsidiaries (continued)

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
Matford Trading Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100 Deferred HK$6	100%
Methode Swiss Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Netcom Holdings Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$50,000	100%
New Image International Holdings Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$6	100%
Nouveau International Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Rosy Sino Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Sa Sa Boutique Limited	Hong Kong, limited liability company	Investment holding	Ordinary HK$2	100%
Sa Sa Cosmetic Company Limited	Hong Kong, limited liability company	Retailing and wholesaling of cosmetic products	Ordinary HK$100 Deferred HK$2	100%
Sa Sa dot Com Limited	Hong Kong, limited liability company	Online business	Ordinary HK$1,000,000	100%
Sa Sa Development Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100	100%
Sa Sa Health Food Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$50,000	100%

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

30 Principal subsidiaries (continued)

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
Sa Sa Investment (HK) Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100 Deferred HK$2	100%
Sa Sa Investment Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$1	100%
Sa Sa International (Taiwan) Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$6,880,000	100%
Sa Sa Making Life Beautiful Charity Fund Limited	Hong Kong, limited liability company	Charitable activities	Limited by guarantee	100%
Sa Sa Nominees Limited	Hong Kong, limited liability company	Provision of services to group companies	Ordinary HK$2	100%
Sa Sa Overseas Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$2	100%
Sa Sa Property Limited	Hong Kong, limited liability company	Property holding	Ordinary HK$100	100%
Sasatinnie Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
SkinPeptoxyl Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Soo Beauté Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
S.P. Laboratories S.A.	Switzerland, limited liability company	Holding of intellectual property rights	Bearer# CHF555,000	100%
Swiss Rituel Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights	Ordinary US$1	100%
Suisse Programme Limited	Gibraltar, limited liability company	Holding of intellectual property rights	Ordinary £100	100%
Whitfield Enterprises Limited	British Virgin Islands, limited liability company	Investment holding	Ordinary US$2	100%

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

30 Principal subsidiaries (continued)

Name	Place of incorporation/ establishment and kind of legal entity (Country/Region)	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Direct/indirect interest held
明貴貿易(上海)有限公司 (Note 1)	People's Republic of China, limited liability company	Wholesale of cosmetic products	HK$10,000,000	100%
莎莎化妝品(中國)有限公司 (Note 2)	People's Republic of China, limited liability company	Trading and retailing of cosmetic products	HK$205,000,000	100%
鄭州莎莎電子商務有限公司 (Note 3)	People's Republic of China, limited liability company	Provision of online business related services to group companies	RMB500,000	100%
莎莎電子商務(廣州)有限公司 (Note 4)	People's Republic of China, limited liability company	Provision of online business related services to group companies	RMB1,000,000	100%

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

All bearer shares were converted to registered shares on 28 April 2021.

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.

31 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	2021 HK$'000	2020 HK$'000
ASSETS		
Non-current assets		
Investments in and amounts due from subsidiaries	**2,016,829**	1,994,135
Other assets	**750**	750
	2,017,579	1,994,885
Current assets		
Other receivables, deposits and prepayments	**798**	1,030
Cash and cash equivalents	**163,454**	186,675
	164,252	187,705
LIABILITIES		
Current liabilities		
Other payables and accruals	**1,374**	1,825
Net current assets	**162,878**	185,880
Total assets less current liabilities	**2,180,457**	2,180,765
EQUITY		
Capital and reserves		
Share capital	**310,319**	310,319
Reserves	**1,870,138**	1,870,446
Total equity	**2,180,457**	2,180,765

The statement of financial position of the Company was approved by the Board on 16 June 2021 and was signed on its behalf.

KWOK Siu Ming Simon
Chairman and CEO

KWOK LAW Kwai Chun Eleanor
Vice-chairman

31 Statement of financial position and reserve movement of the Company (continued)

Reserve movement of the Company

	Share premium HK$'000	**Shares held under the Share Award Scheme HK$'000**	**Capital redemption reserve HK$'000**	**Employee share-based compensation reserve HK$'000**	**Retained earnings HK$'000**	**Total HK$'000**
At 1 April 2020	1,412,707	(7,914)	11,783	56,678	397,192	1,870,446
Loss and total comprehensive loss for the year	–	–	–	–	(1,509)	(1,509)
Share award scheme:						
Value of employee services	–	–	–	773	–	773
Vesting of shares under share award scheme	–	2,448	–	(1,456)	(992)	–
Employee share option scheme:						
Value of employee services	–	–	–	8	–	8
Lapse of share options	–	–	–	(2,530)	2,530	–
Unclaimed dividends forfeited	–	–	–	–	420	420
Total transactions with owners, recognised directly in equity	–	2,448	–	(3,205)	1,958	1,201
At 31 March 2021	**1,412,707**	**(5,466)**	**11,783**	**53,473**	**397,641**	**1,870,138**

	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 2019	1,400,644	(9,920)	11,783	57,996	433,910	1,894,413
Profit and total comprehensive income for the year	–	–	–	–	239,147	239,147
Share award scheme:						
Value of employee services	–	–	–	1,603	–	1,603
Vesting of shares under share award scheme	–	2,006	–	(1,445)	(561)	–
Employee share option scheme:						
Value of employee services	–	–	–	1,536	–	1,536
Lapse of share options	–	–	–	(3,012)	3,012	–
Issue of shares upon scrip dividend of 2018/19 final dividend	12,063	–	–	–	–	12,063
Unclaimed dividends forfeited	–	–	–	–	288	288
Dividend:						
2018/19 final dividend	–	–	–	–	(278,604)	(278,604)
Total transactions with owners, recognised directly in equity	12,063	2,006	–	(1,318)	(275,865)	(263,114)
At 31 March 2020	1,412,707	(7,914)	11,783	56,678	397,192	1,870,446

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 and Corporate Governance Report, Appendix 14 of the Listing Rules
Code Provision(s)	Code Provisions in the CG Code
Company, Sasa, Sa Sa, Sa Sa Group, Group, we or us	Sa Sa International Holdings Limited, and, except where the context indicates otherwise, its subsidiaries
Corporate Communication(s)	Any document issued or to be issued by the Company for the information or action of holders of any securities of the Company, including but not limited to annual and interim reports, notice of meeting, listing document, circular and proxy form
Director(s)	Director(s) of the Company, including all executive, non-executive and independent non-executive directors
ERM	Enterprise Risk Management
HKExnews website	http://www.hkexnews.hk
Hong Kong, Hong Kong SAR, HK or HKSAR	The Hong Kong Special Administrative Region of the People's Republic of China
Listing rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Macau or Macau SAR	The Macau Special Administrative Region of the People's Republic of China
Mainland or Mainland China	The People's Republic of China excluding Hong Kong, Macau and Taiwan
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 of the Listing Rules
PRC	The People's Republic of China
PwC, auditor, external auditor or independent auditor	PricewaterhouseCoopers
SFO	Securities and Futures Ordinance, Cap.571
Share(s)	Share(s) of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
The Company's website	http://corp.sasa.com

Corporate Information

Board of Directors

Executive Directors

Dr KWOK Siu Ming Simon, *SBS, JP* (Chairman and CEO)
Dr KWOK LAW Kwai Chun Eleanor, *BBS, JP* (Vice-chairman)
Dr LOOK Guy (CFO)
Ms KWOK Sze Wai Melody, *MH*◊

Non-executive Director

Ms LEE Yun Chun Marie-Christine

Independent Non-executive Directors

Ms KI Man Fung Leonie, *GBS, SBS, JP*
Mr TAN Wee Seng
Mr CHAN Hiu Fung Nicholas, *MH, JP*◊

Company Secretary

Ms MAK Sum Wun Simmy

Head Office

8th Floor, Block B, MP Industrial Centre
18 Ka Yip Street
Chai Wan, Hong Kong SAR

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Auditor

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong SAR
Tel: (852) 2980 1333
Fax: (852) 2810 8185
E-mail: is-enquiries@hk.tricorglobal.com
Website: www.tricoris.com

Principal Bankers

Citibank, N. A.
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
BNP Paribas, Hong Kong Branch
Bank of Communications Company Limited, Hong Kong Branch

Share Information

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

Investor Relations

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

Corporate Website

corp.sasa.com

Shopping Site

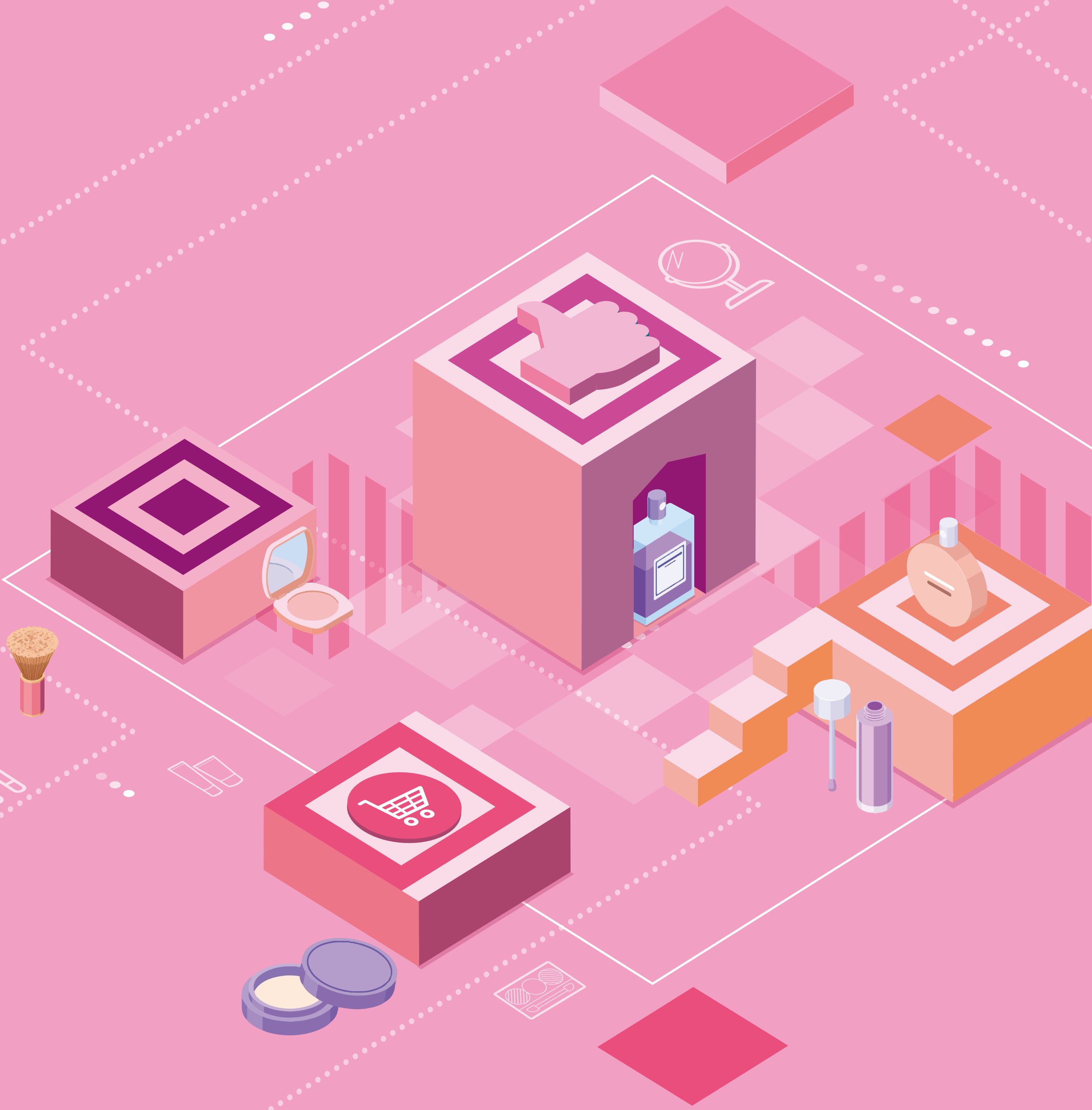
www.sasa.com

◊ Since 1 July 2021

This 2020/21 Annual Report is available in both English and Chinese, and in printed and electronic forms. Shareholders who (i) have received either the English or the Chinese version of the Annual Report and wish to have a copy in the language different from the one that has been received; or (ii) wish to change the choice of means of receipt or language of the Corporate Communications to be received from the Company in future, may request to do so by completing and returning the Change Request Form (which may be downloaded from the Company's website) by post or by hand to Tricor Abacus Limited ("Tricor"), the Company's branch share registrar and transfer office in Hong Kong. Tricor's address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The scanned copy of the completed Change Request Form may also be returned to Tricor by email at sasa-ecom@hk.tricorglobal.com.

This Annual Report and other Corporate Communications are now available on the Company's website at http://corp.sasa.com and the HKExnews website of the Stock Exchange at http://www.hkexnews.hk. If Shareholders have difficulty in receiving or gaining access to the same through the above means for any reason, the Company will promptly upon receiving the Change Request Form send the printed version of the requested document(s) to the Shareholders free of charge.

As an environment-conscious corporate citizen, the Company encourages Shareholders to access the Corporate Communications via the Company's or HKExnews website. The Company's website presents a user-friendly interface in English and Chinese, and all Corporate Communications are easily accessible in the "Investor Relations" section following their releases.



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SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

8th Floor, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong
Tel : (852) 2889 2331 I Fax : (852) 2898 9717 I Website : corp.sasa.com www.sasa.com

Shares of Sa Sa International Holdings Limited are traded on
The Stock Exchange of Hong Kong Limited (Stock Code: 178)