

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."

Corporate Governance at Sa Sa

Board Effectiveness	Audit, Risk and Internal Control	Shareholders and Investors
<ul style="list-style-type: none">Nine directorsINEDs: 1/3Female directors: 56%Average age: 59Five board meetings held during the year with 100% attendance rate19 meetings of board committees held during the year with 100% attendance rateINEDs serving more than nine years: 2/3Board evaluation conducted at regular intervals of two to three yearsDiverse board with multiple perspectives and a wide range of skills and experience	<ul style="list-style-type: none">Audit committee composition: 100% INEDsAudit committee meeting attendance: 100%Members of audit committee meet with external auditor annually without presence of EDs and NED every yearInternal audit function in placeRisk management committee establishedEnterprise risk management system in placeWhistle-blowing policyPolicy in place to safeguard objectivity and independence of external auditor	<ul style="list-style-type: none">Hybrid AGM providing greater flexibility for attendees and enabling wider participationRegular engagement with both shareholders and investors through multiple channelsDividend policyShareholders communication policyShareholders rights explained on Company's website

Compliance with Corporate Governance Code (CG Code)

The CG Code is the standard against which we measure ourselves. Throughout the year ended 31 March 2024, 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 respects:

- ✓ Continued to hold our annual general meeting in hybrid form allowing participants the flexibility of attending in person or online.
- ✓ Held a total of five board meetings and 19 board committee meetings altogether, exceeding the minimum required by the CG Code.
- ✓ Board evaluation was conducted at regular intervals.
- ✓ We have formal criteria for the nomination and re-appointment of directors.
- ✓ We issue a formal letter of appointment for non-executive directors. The letter deals with a range of matters regarding a director's appointment and responsibilities.
- ✓ All members of our Audit Committee are independent non-executive directors, as opposed to the majority, exceeding the independence requirements under the Listing Rules.
- ✓ The Audit Committee held one private meeting with the external auditor without the presence of any of our executive directors during the year.
- ✓ In addition to the Audit Committee, Nomination Committee and Remuneration Committee, we have established an Executive Committee and a Risk Management Committee, each with specific written terms of reference setting out clearly the individual committee's duties and authorities. Since 2018/19, we have established a Sustainability Steering Committee chaired by an executive director of the Company.
- ✓ The Board has established terms of reference, with a clear division of roles with Management. These terms set out the Board's responsibility for formulation of strategy and its monitoring role.
- ✓ We have included a separate Enterprise Risk Management Report, which sets out Sa Sa's risk management framework and how Sa Sa manages the Group's material risks in our annual report.
- ✓ We have a formal Environmental, Social and Corporate Governance Policy and have published an Environmental, Social and Governance Report since 2012.
- ✓ Among other policies, we have a Whistleblowing Policy, a Gifts and Entertainment Policy, and Guidelines on Prevention of Bribery Ordinance, all of which are published on our corporate website.
- ✓ We gave 25 clear business days' notice for our annual general meetings.
- ✓ To further increase efficiency of communication, protection of the environment and to save costs for the Company, arrangements have been made since 2009 to ascertain shareholders' preferences as to the means of receiving corporate communications and shareholders are encouraged to elect for electronic communications.

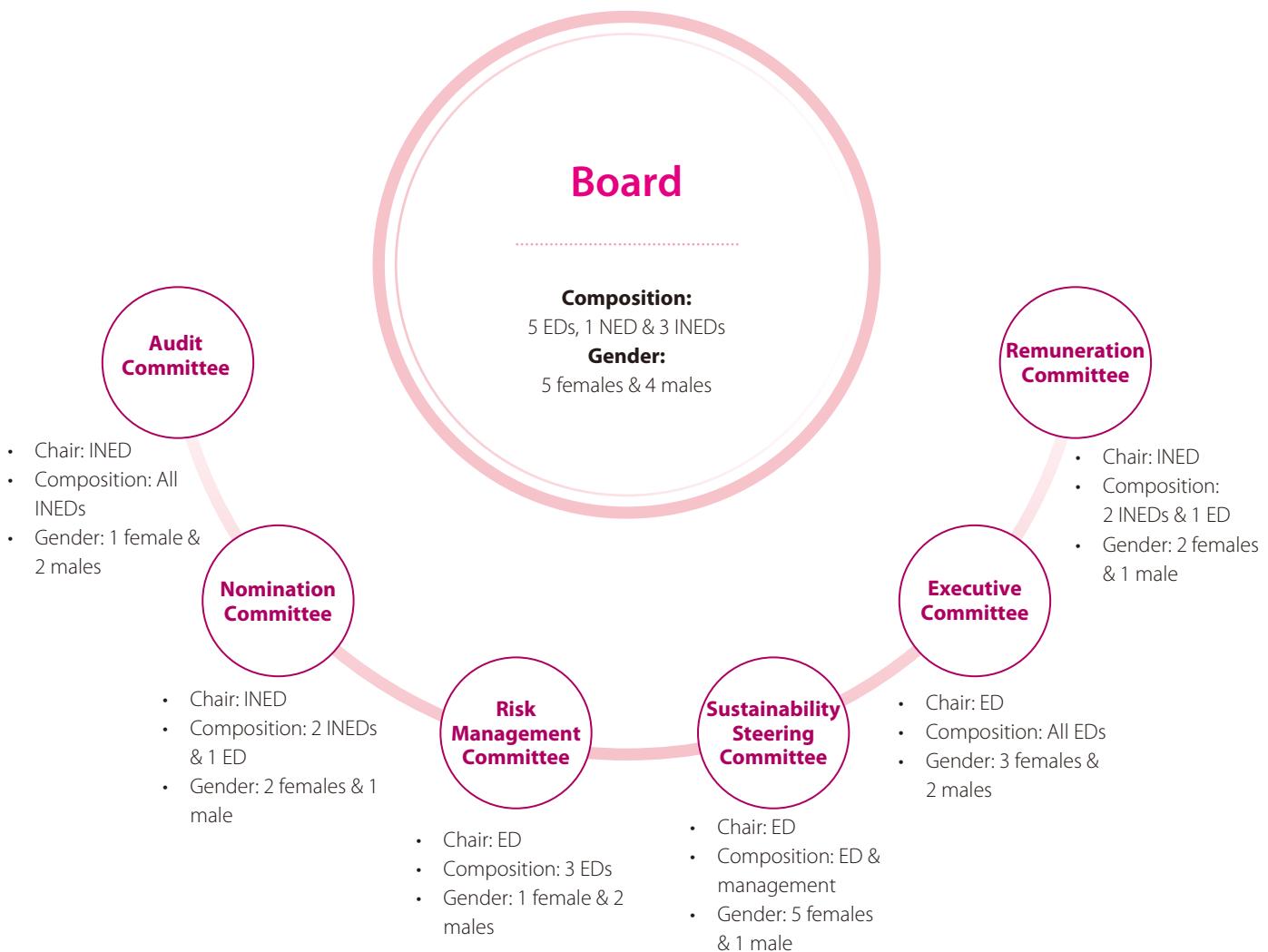


Deviation from the Corporate Governance Code

Code Provision C.2.1

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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 in 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



Board Composition

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)*
 Ms KWOK Sze Wai Melody*
 Mr HO Danny Wing Fi (Chief Financial Officer)*
 Ms KWOK Sea Nga Kitty*

Ms LEE Yun Chun Marie-Christine[#]
 Ms KI Man Fung Leonie[^]
 Mr TAN Wee Seng[^]
 Mr CHAN Hiu Fung Nicholas[^]

Audit Committee



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

Nomination Committee



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

Remuneration Committee



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

Executive Committee



Dr KWOK Siu Ming Simon (Chair)*
 Dr KWOK LAW Kwai Chun Eleanor*
 Ms KWOK Sze Wai Melody*
 Mr HO Danny Wing Fi*
 Ms KWOK Sea Nga Kitty*

Risk Management Committee



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

* ED * NED ^ INED

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

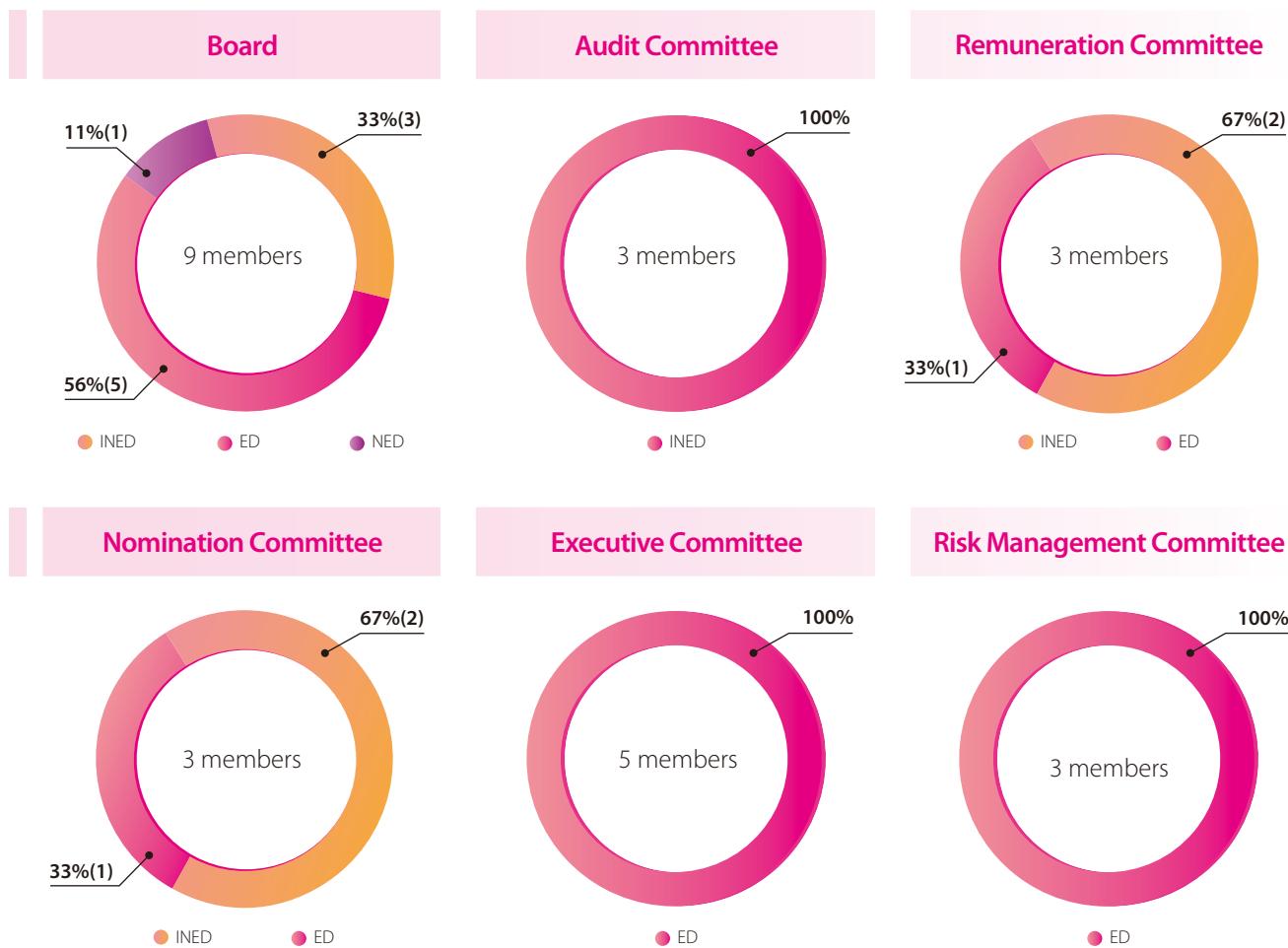
The biographical details of each of our directors, including the relationship between Board members, are set out on pages 51 to 56 of this Annual Report. An updated list of our directors, identifying their respective roles and functions together with their biographical details, is displayed on the Stock Exchange's website and our corporate website.



Independence

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

Board Independence



Some of our INEDs have served as our board members for more than nine years. While this could be relevant to the determination of independence, it is well recognised that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence of INEDs, the Board and the Nomination Committee consider each individual director's character and judgement as demonstrated by his/her commitment and contribution to the Board during his/her years of service and other relevant factors. We are of the view that the INEDs who have served more than nine years, namely Ms KI Man Fung Leonie and Mr TAN Wee Seng, despite their length of service, have always expressed their views independently, objectively and impartially, constructively challenging the views of the other directors and testing the arguments whenever necessary. A longer tenure on the Board means deeper knowledge of the Company and its industry, better understanding of the risks and challenges facing the Company and better able to formulate long term goals and strategies and discharge of monitoring responsibilities. Ms Ki is an iconic and legendary figure in the world of advertising. She was awarded a GBS for her long and distinguished public and community services in 2016 and is still passionately serving the society. She has held the positions of ED, NED and INED in other listed companies and understands board dynamics. Mr Tan is a seasoned finance professional who has also served as ED, NED and INED of other listed companies. He is chairman of the audit committee of two other companies whose shares are listed on The Stock Exchange of Hong Kong Limited and former chairman of the audit committee of two companies whose shares are listed on the New York Stock Exchange. Ms Ki's and Mr Tan's board experience and cross industry experience as well as working knowledge of the governance process are invaluable attributes that the Nomination Committee and the Board have taken into account in the assessment of independence.

The Board remains adamant that board appointments should be based on merits and the length of time any director has served is only one of many factors to be considered. The Board is satisfied that Ms Ki and Mr Tan remain independent despite their years of service and that they will continue to effectively contribute as board members. The Board is of the view that each of our INEDs meets the independence guidelines as set out in rule 3.13 of the Listing rules and that they are able to continue to fulfil their roles as required.

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

Board Diversity

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

We have a highly diverse board in terms of age, gender, academic background, nationality, professional experience, industry experience and tenure. Collectively, the Board possesses experience and expertise in retail, finance and accounting, law, branding and marketing, talent management, Mainland market, community services, management, technology and consumer journey digitalisation. Each Board member's relevant skills and experience have been disclosed in their biographical information on pages 51 to 56 of this annual report.

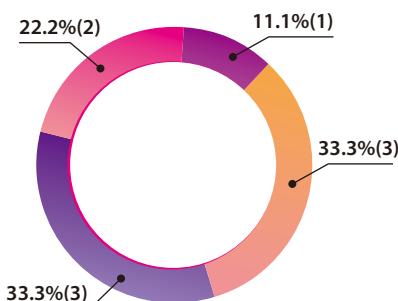
Our Board Diversity Policy reinforces the significant role women directors play in the Company and pledges to ensure a strong female representation at board level. With a female to male ratio of 5:4 on our Board as at 31 March 2024, the Board is satisfied that there is sufficient gender diversity at the Board level. A full version of the policy is set out below. It can also be found on our corporate website.

Diversity of expertise

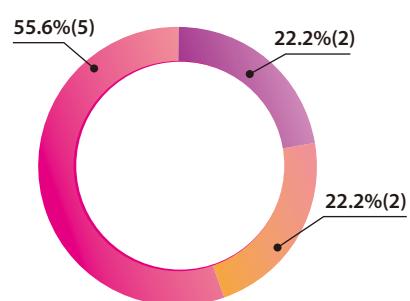


Board Skills Matrix

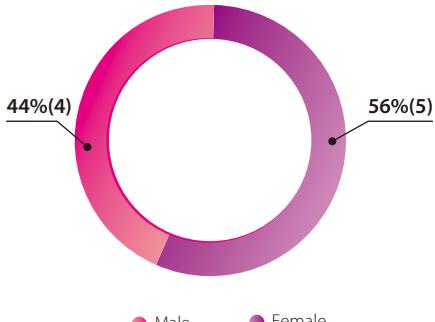
Age diversity



Tenure diversity



Gender diversity





Board Diversity Policy

Purpose

1. The Company recognises the benefit and value of diversity across the organisation, and endorses the view that a diverse board, with a breadth of perspective, is one of the key drivers of an effective board.
2. This policy sets out the framework in achieving board diversity in the Company.

Policy Statement

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

Measurable Objectives

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

Review and Monitoring

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

Language Version

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

Approval of this Policy

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

Diversity Across Workforce

Our diversity philosophy is followed throughout the Group. Gender parity in respect of senior management* has been achieved with a 50:50 male to female ratio as at 31 March 2024. Please refer to page 107 of our ESG Report for the male to female ratio in respect of our general workforce and distribution across different seniority and functions.

We promote diversity at all levels of our workforce and provide equal opportunities for employment and advancement regardless of sex, race, family status or disability. As at 31 March 2024, our total workforce comprised of 79% female and 21% male and are not of single-gender. Gender distribution in our office and logistics centre are more even while in the frontline stores, there are more females than males. Given the dynamic nature of our business, we have not set any measurable objectives in respect of the gender ratio for our general workforce, rather our focus is on identifying the right person for the right role while taking into account diversity in a range of areas, including gender.

Appointment and Re-election of Directors

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

Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Ms KI Man Fung Leonie will retire by rotation at the AGM to be held in August 2024. All of them, being eligible, will offer themselves for re-election by the shareholders at the AGM.

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

* Senior management refers to the individuals identified on page 56 of this annual report.

CORPORATE GOVERNANCE REPORT

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 meeting to consider the matter and would avoid the making of decisions by written resolutions unless it is impractical that a 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' reappointment at the Company's AGM



Clear Division of Responsibilities

Between Chairman and Chief Executive Officer

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

In his capacity as chairman of the Board, Dr Kwok has met with all the INEDs without the presence of other directors during the year ended 31 March 2024. While in his capacity as 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	CEO
<ul style="list-style-type: none">➤ Provides leadership to the Board, ensures that it works effectively and perform its responsibilities.➤ Takes primary responsibility for ensuring that good corporate governance practices and procedures are established.➤ Ensures that the Board as a whole plays a full and constructive part in the development and determination of corporate strategies.➤ Ensures that decisions agreed by the Board are effectively implemented by the CEO and management.➤ With the assistance of the Company Secretary, draws up the agenda for each Board meeting taking into account any matters proposed by the other directors for inclusion in the agenda and allowing sufficient time for the consideration of all issues.➤ Ensures that the Board is properly briefed on issues arising at board meetings and receives adequate information in a timely manner to enable matters to be properly considered and decisions made.➤ Encourages all directors to make full and 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, allows sufficient time for discussion of issues and ensures that board decisions fairly reflect board consensus.➤ Ensures that there is effective communication with shareholders and stakeholders and understanding of their views.	<ul style="list-style-type: none">➤ Provides leadership to the management.➤ Develops and proposes goals and strategies for the Board's consideration.➤ Ensures information and reports provided by the management to the Board are relevant, accurate, timely and clear.➤ Ensures effective implementation of the decisions agreed by the Board and is accountable to the Board.➤ Responsible for the day-to-day management of the Group's business in accordance with business plans and within the budgets approved by the Board.➤ Leads management in the design, implementation and monitoring of the risk management and internal control systems.➤ Ensures matters of importance requiring the Board's involvement are brought to its attention.➤ Leads the communication with shareholders and key stakeholders.

Executive Directors

In the year ended 31 March 2024, we have five executive directors who together form the Executive Committee. The Committee, led by the CEO, is accountable to the board while the executive directors are leaders of the management team. The role and responsibilities of, and details of work done by, the Executive Committee are set out on pages 68 and 71.

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.

Induction and Continuous Professional Development

We recognise that professional developments for directors is a major contributor to the maintenance of high corporate governance standards in the Company. We have adopted our own policy on Induction of and Continuous Professional Development for Directors since 2005. The Board reviews and monitors the implementation of this policy to ensure its effectiveness periodically. All newly appointed directors are provided with induction and training on appointment, and are required to undertake continuous professional development throughout the term of their appointment, which may be arranged by the Company or the director himself/herself.

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

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



The Board and the Management

The Board is responsible for the overall conduct of the Group's affairs and monitors the performance of Management. The Board delegates and gives clear directions to members of Management as to their powers and the circumstances in which further directions or approval should be sought.

Management for the purpose of this corporate governance report refers to the Company's executive directors, all senior vice-presidents, vice-presidents, department directors and associate directors of the Group. They are responsible for the day-to-day operations, management and administration of the Group under the leadership of the CEO and Executive Committee comprising of all executive directors. 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 discussions 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 and respond to any constructive challenges posed by the Board. All Board members also have separate and independent access to the Management.

In addition to regular Board meetings, 10 separate management meetings chaired by the CEO were held during the year to review, discuss and make decisions on financial and operational matters.

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

Company Secretary

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

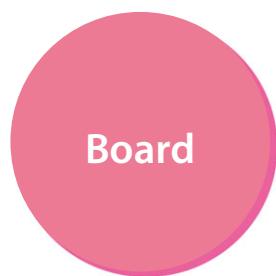
All board members have access to the advice and services of the Company Secretary. In the year ended 31 March 2024, the Company Secretary has complied with the requirement to undertake at least 15 hours of relevant professional training.

Board Committees

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

Regular Board Committee meetings were held during the financial year and the number of meetings and attendance of individual committee members are set out on page 73. Throughout the year, the Board Chairman and Board Vice-chairman also attended Board Committee meetings at the invitation of the respective Board Committee Chairs.

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



Audit Committee (All members are INEDs)

Key responsibilities:

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

Nomination Committee (Majority of the members are INEDs)

Key responsibilities:

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

Remuneration Committee (Majority of the members are INEDs)

Key responsibilities:

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

Executive Committee (All members are EDs)

Key responsibilities:

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

Risk Management Committee (All members are EDs)

Key responsibilities:

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



Audit Committee

Work done by the Audit Committee in the year ended 31 March 2024

5 meetings (100% attendance rate)

Internal audit

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

Risk management and internal control

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

Financial reporting

- ✓ Reviewed and considered the annual results for the year ended 31 March 2023 and related documents.
- ✓ Reviewed and considered the interim results for the six-months ended 30 September 2023 and related documents.
- ✓ Considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

External auditor

- ✓ Considered the re-appointment of PwC as auditor of the Company.
- ✓ Reviewed the summary of audit and non-audit services provided by the external auditor for the year ended 31 March 2023 and the six months ended 30 September 2023 and considered the auditor's independence.

The Audit Committee held one private meeting with the external auditor without the presence of the executive directors in the reporting period. This meeting afforded a candid exchange of dialogue and opinions between the Audit Committee and the external auditors.

The Auditor

We engage PricewaterhouseCoopers (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 152 to 155.

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 (the policy is available on our website).

For the year ended 31 March 2024, the fees paid by the Group to PwC amounted to approximately HK\$3,054,000, comprising audit fees of HK\$2,481,000 and non-audit fees of HK\$573,000. The non-audit services consisted of tax advisory services, transfer pricing analysis, and other services.

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

Nomination Committee

Work done by the Nomination Committee in the year ended 31 March 2024

1 meeting (100% attendance rate)

Board composition

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

Re-appointment of director

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

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

Remuneration Committee

Work done by the Remuneration Committee in the year ended 31 March 2024

1 meeting (100% attendance rate)

Directors' and management's remuneration

- ✓ Reviewed and determined the remunerations of the directors and management for the financial year 2023/24 in consultation with the chairman of the Board and in accordance with the remuneration policy of the Group.

Remuneration of Directors and Senior Management

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

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

Non-executive Directors (including INEDs) are compensated with reference to market rate with the aim of fairly remunerating their efforts and time dedicated to Board and Board Committee 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. No additional fees are payable for sitting on other Board Committees.

Please refer to note 7 to the consolidated financial statements on pages 177 to 180 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 2024.



Executive Committee

Work done by the Executive Committee in the year ended 31 March 2024

10 meetings (100% attendance rate)

Strategy and budgeting

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

Performance monitoring

- ✓ Reviewed the Group's results and performance against the market and budget.
- ✓ Reviewed the reasons for under/over performance against the market/budget and developed plans and strategies to adapt to market circumstances.
- ✓ Provided directions to management and monitored the Group's performance throughout the year ended 31 March 2024:
 - Store openings and closures;
 - Sales performance;
 - Marketing and promotions;
 - Product development;
 - Branding management;
 - Inventory management;
 - IT strategy;
 - Human resources, training needs and staff performance;
 - Performance of the logistics function; and
 - E-commerce strategies and performance.

The Committee proactively communicates with the NEDs and the management and is open and responsive to any issues that might be raised by the NEDs (including the INEDs). The number of meetings held by the Executive Committee and the attendance of each individual Committee members are set out on page 73. 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 2024

2 meetings (100% attendance rate)

System and control

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

Enterprise Risk Management Programme

- ✓ Reviewed and considered the ERM progress and results for the year ended 31 March 2024 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 73. Please refer to pages 80 to 87 of the Enterprise Risk Management Report for further activities undertaken by this Committee.

The Board in Action

Meetings of the Board, Board Committees and Shareholders

Meetings in 2023/24





Attendance at Meetings¹

The following table shows the attendance of Directors at Board meetings, Board Committee meetings and the AGM held in the year ended 31 March 2024.

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	5/5 ²	1/1 ²	1/1 ²	10/10	2/2	1/1
Dr KWOK LAW Kwai Chun Eleanor	5/5	5/5 ²	1/1	1/1	10/10	2/2	1/1
Ms KWOK Sze Wai Melody	5/5	5/5 ²	N/A	N/A	10/10	2/2 ²	1/1
Mr HO Danny Wing Fi	5/5	5/5 ²	N/A	N/A	10/10	2/2	1/1
Ms KWOK Sea Nga Kitty	5/5	5/5 ²	N/A	N/A	10/10	2/2 ²	1/1
Non-Executive Director							
Ms LEE Yun Chun Marie-Christine	5/5	5/5 ²	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors							
Ms KI Man Fung Leonie	5/5	5/5	1/1	1/1	N/A	N/A	1/1
Mr TAN Wee Seng	5/5	5/5	N/A	1/1	N/A	N/A	1/1
Mr CHAN Hiu Fung Nicholas	5/5	5/5	1/1	N/A	N/A	N/A	1/1
Total number of meetings	5	5	1	1	10	2	1
Average attendance rate of directors ³	100%	100%	100%	100%	100%	100%	100%

Notes:

1. Attendance is expressed as the number of meetings attended out of the number of meetings held.
2. Attended as an invitee only.
3. Average attendance rate is calculated without the invitees.

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

Work done by the Board in the year ended 31 March 2024

5 meetings (100% attendance rate)

Financial

- ✓ Approved the annual results and annual report for the year ended 31 March 2023.
- ✓ Reviewed financial performance against budget and the market.
- ✓ Approved the interim report and interim results announcement for the six months ended 30 September 2023.
- ✓ Considered the unaudited quarterly results.
- ✓ Approved the content of various corporate communications and disclosure including results announcement, annual report and circulars to the shareholders regarding the annual general meeting and share buy-back mandate.

Strategic planning and business performance

- ✓ Reviewed and considered the Group's budget, strategic plans, short and long-term goals, business, financial and sustainability performance, as well as market and regulatory developments.

Corporate governance

- ✓ Approved the re-appointment of Mr CHAN Hiu Fung Nicholas as INED.
- ✓ Approved the re-elections of Mr TAN Wee Seng, Ms KWOK Sze Wai Melody, Mr CHAN Hiu Fung Nicholas and Ms KWOK Sea Nga Kitty as directors at the annual general meeting held on 24 August 2023.
- ✓ Approved the re-appointment of PwC as auditor of the Company.
- ✓ Considered reports from the chairs of the different board committees.
- ✓ Reviewed ESG developments and approve the ESG report.
- ✓ Reviewed the board diversity policy.
- ✓ Reviewed the mechanism(s) to ensure independent views and input are available to the Board.
- ✓ Directors' training.

Meeting Process and Information of Directors

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 2024.

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

Meeting materials are usually sent to Directors in advance of each meeting to ensure that the Directors have full and timely access to relevant information. With a view to becoming more environmental-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 review and comments within a reasonable time (generally within seven business days) of each meeting. The final version of the minutes is formally approved at the next meeting and a copy is sent to each director for his/her record. The final executed version is placed on record and made available for inspection.

In the financial year 2023/24, we continued to hold our board and board committee meetings in hybrid form allowing both physical and online attendance.



Time Commitment of Directors

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

We understand that our directors may be invited to hold positions in other private, public or professional organisations, or they may have other significant commitments. These engagements will broaden their knowledge and experience and may act to the benefit of the Company. Each director has disclosed to the Company the number and nature of offices held by him/her in public companies or organisations and other significant commitments. None of our Directors, individually, held directorships in more than six public companies (including the Company) as at 31 March 2024. Despite those commitments, each director was able to give sufficient time and attention to the Company's affairs and perform his/her duties as directors during the financial year under review.

Board Evaluation

We have conducted board evaluations since 2016. This involved each director completing a questionnaire rating the Board's performance on areas such as board composition, sufficiency and effectiveness of the board committees, board process, board effectiveness, professional developments and the skills required of directors in the context of the Company's strategic development. The findings were consolidated into an anonymised report for consideration at a board meeting.

The Board is committed to reviewing its own performance and effectiveness at regular intervals of two to three years.

Model Code for Securities Transactions by Directors

We have adopted our own model codes regarding securities transactions by directors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Our model codes are extended to certain "relevant employees" who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities. We have received confirmation from all Directors and relevant employees that they have complied with the Company's model codes throughout the period under review.

Conflicts of Interest

All Directors are required to comply with their common law duty to act in the best interests of the Company and to have particular regard to the interests of the shareholders as a whole. Any perceived, potential or actual conflicts of interest between the Group and its directors are to be avoided. The Directors are required to disclose their interests, if any, in any transactions, arrangements or other proposals considered by the Board at Board meetings. They are further required to abstain from voting if any conflicts of interest arise or if they become aware of any perceived or potential conflicts of interest. All declared interests are properly recorded and made accessible by Board members. No director voted on any matter involving a potential or actual conflicts of interest between himself/herself and the Company or any of its subsidiaries in the year ended 31 March 2024.

Directors' and Officers' Insurance

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

Compliance with Laws and Regulations

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

Various policies and procedures including, among others, the Conflict of Interest Policy, Whistleblowing Policy, 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 was one incident of non-compliance during the year ended 31 March 2024, which resulted in a fine of HK\$2,800. Further details are provided on page 118 of the ESG Report.

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

Representatives from all major departments in Hong Kong, Mainland China and Malaysia have attended compliance trainings on personal data privacy and personal information protection laws, the ones conducted in Hong Kong and the Mainland were given by the internal legal team and the ones in Malaysia given by an external law firm. Three trainings were conducted in Hong Kong in the last financial year, and four trainings were conducted in the Mainland in this financial year. 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 fulfil 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 provides workshops or guidance to the business units on a regular basis.

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

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



Risk Management and Internal Controls

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

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

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

For the Board's review relating to the Company's ESG performance, reporting and ESG risks, please refer to pages 88 to 131 of the "Environmental, Social and Governance Report" in this Annual Report.

Risk Management Framework

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

Details of the ERM system and process are set out in the ERM Report on pages 80 to 87 of this Annual Report.

Quality Management System

The Group is fully committed to quality management. We continually track standard procedures and control processes which have already been embedded in the daily operations. Compliance and significant risk areas will be reviewed by Internal Audit and Management Services Department ("IAMS Department") during individual audit engagements. The Group engaged an external consultant to carry out an assessment and control review project for the Information Technology Department to improve its information security management system by benchmarking against ISO 27002 requirements.

Internal Audit Function

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

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

CORPORATE GOVERNANCE REPORT

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

Internal Audit Activities

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

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

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

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

Review of Risk Management and Internal Control Effectiveness

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2024, 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.

Shareholders and Investors

2024 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 2024 will be held on or around Thursday, 22 August 2024. 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 22 July 2024.

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 132 to 136 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 132 to 136 of the "Investor Relations Report" in this Annual Report.



Communication with Shareholders

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

The prevailing Shareholders' Communication Policy has been reviewed by the Board and was considered appropriate and effective with reference to the Company's shareholders base and composition. Based on the activities conducted as disclosed in the Investor Relations Report on pages 132 to 136, the Board is satisfied that the Shareholders' Communication Policy has been effectively implemented during the year.

Dividend Policy

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

Policy Statement

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

Scrip Dividend Alternative

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

Unclaimed Dividends

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

Constitutional document

There was no change made to the constitutional document of the Company during the period under review. A copy of the constitutional document is available on the website of the Company and that of HKEX.

Other shareholder-related information

For details of the 2023 annual general meeting, upcoming important dates and year-end public float capitalisation, please refer to pages 132 to 136 of the "Investor Relations Report" in this Annual Report.

Directors' Acknowledgement on Financial Reporting

The directors collectively acknowledge their responsibility for preparing the financial statements of the Company and its subsidiaries for the year ended 31 March 2024.