友和 YOHO

友和集團控股有限公司
YOHO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2347

GLOBAL OFFERING

Sole Sponsor

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

Financial Adviser

永時證券 WINGS SECURITIES

Sole Global Coordinator

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Yoho Group Holdings Limited
友和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	55,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	5,500,000 Shares (subject to reallocation)
Number of International Offer Shares	:	49,500,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price (subject to a Downward Offer Price Adjustment)	:	Not more than HK$2.60 per Offer Share and expected to be not less than HK$2.10 per Offer Share plus brokerage of 1.00%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015% (payable in full on application subject to refund) (If the Offer Price is set at up to 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the minimum Offer Price will be HK$1.89 per Offer Share)
Nominal value	:	US$0.0001 per Share
Stock code	:	2347

Sole Sponsor

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

Financial Adviser

永時證券 WINGS SECURITIES

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

Other Joint Bookrunners and other Joint Lead Managers

EDDID 艾德金融 · 海通國際 HAITONG · 中泰國際 ZHONGTAI INTERNATIONAL · 光大證券 國際 EVERBRIGHT SECURITIES INTERNATIONAL

軟庫中華 SBI China Capital · 中國通海證券 CHINA TONGHAI SECURITIES · 富途證券 · 華盛証券 Valuable Capital Limited · 信達國際 CINDA INTERNATIONAL

Other Joint Lead Managers

長雄證券有限公司 EVER-LONG SECURITIES COMPANY LIMITED · 中天證券 CHINA SKY SECURITIES · 越秀証券 YUE XIU SECURITIES · 富德金融 FUTEC FINANCIAL · 利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission of Hong Kong, nor Hong Kong Exchanges and Clearing Limited, nor The Stock Exchange of Hong Kong Limited, nor Hong Kong Securities Clearing Company Limited, nor the Registrar of Companies in Hong Kong take any responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is currently expected to be fixed by an agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Wednesday, 1 June 2022 or such other date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). The Offer Price is expected to be not more than HK$2.60 per Offer Share and not less than HK$2.10 per Offer Share (subject to a Downward Offer Price Adjustment), unless otherwise announced. If, for any reason, the Offer Price is not agreed on or before Sunday, 5 June 2022, between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Underwriters), with the consent of our Company, may extend or reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering should the Sole Global Coordinator considers it appropriate (for instance, if the level of interest is below the indicative Offer Price range). If this occurs, a notice of extension or reduction of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and on our Company's website at **www.yohohongkong.com** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Offer Shares should note that the obligations of the Underwriters under the Underwriting Agreements to procure subscribers for or themselves to subscribe for the Offer Shares are subject to the termination by the Sole Global Coordinator (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set out under the paragraph headed "Underwriting - Grounds for Termination" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Sole Global Coordinator (for itself and on behalf of the Underwriters) terminate the Underwriting Agreements, the Global Offering will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a paperless listing and subscription regime for the Hong Kong Public Offering, whereby (a) this prospectus is published solely in an electronic format; and (b) all subscriptions, where applicable, must be made through online electronic channels only. We will not provide printed copies of this prospectus or any application form to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com**. If you require a printed copy of this prospectus, you may print out the electronic copy of this prospectus downloadable from any of the above websites.

Please refer to "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the procedures through which applications for the Hong Kong Offer Shares can be made electronically.

26 May 2022

IMPORTANT NOTICE TO INVESTORS

Fully Electronic Application Process

We have adopted a paperless listing and subscription regime for the Hong Kong Public Offering, whereby (a) this prospectus is published solely in an electronic format; and (b) all subscriptions, where applicable, must be made through online electronic channels only. We will not provide printed copies of this prospectus or any application form to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com**. If you require a printed copy of this prospectus, you may print out the electronic copy of this prospectus downloadable from any of the above websites.

The electronic version of this prospectus and the printed version of this prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance are identical in terms of contents.

To apply for the Hong Kong Offer Shares, you may:

- apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or
- apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

  i. instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

  ii. (if you are an existing CCASS Investor Participant) giving electronic application instructions through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request

We will not provide any physical channel for any application for the Hong Kong Offer Shares by the public.

Please refer to "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the procedures through which applications for the Hong Kong Offer Shares can be made electronically.

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 2,000 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$
2,000	5,252.41	40,000	105,048.17	600,000	1,575,722.46	2,400,000	6,302,889.84
4,000	10,504.82	50,000	131,310.21	700,000	1,838,342.87	2,600,000	6,828,130.66
6,000	15,757.22	60,000	157,572.24	800,000	2,100,963.28	2,750,000(1)	7,222,061.28
8,000	21,009.63	70,000	183,834.28	900,000	2,363,583.69		
10,000	26,262.04	80,000	210,096.33	1,000,000	2,626,204.10		
12,000	31,514.45	90,000	236,358.37	1,200,000	3,151,444.92		
14,000	36,766.85	100,000	262,620.41	1,400,000	3,676,685.74		
16,000	42,019.26	200,000	525,240.82	1,600,000	4,201,926.56		
18,000	47,271.67	300,000	787,861.23	1,800,000	4,727,167.38		
20,000	52,524.08	400,000	1,050,481.64	2,000,000	5,252,408.20		
30,000	78,786.13	500,000	1,313,102.05	2,200,000	5,777,649.02		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Our Company will issue an announcement on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com** if there is any change in the following expected timetable of the Global Offering.

	Date and time *(Note 1)*
Hong Kong Public Offering commences	9:00 a.m. on Thursday, 26 May 2022
Latest time for completing electronic applications under the **HK eIPO White Form** service through one of the below ways:	
(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp** *(Note 2)*	
(2) the designated website **www.hkeipo.hk**	11:30 a.m. on Tuesday, 31 May 2022
Application lists open *(Note 3)*	11:45 a.m. on Tuesday, 31 May 2022
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, 31 May 2022
Latest time to give **electronic application instructions** to HKSCC *(Note 4)*	12:00 noon on Tuesday, 31 May 2022
Application lists close *(Note 3)*	12:00 noon on Tuesday, 31 May 2022

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Expected Price Determination Date *(Note 5)*	Wednesday, 1 June 2022

Where applicable, announcement of the Offer Price being set below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment (please refer to the section headed "Structure of the Global Offering — Pricing and Allocation") on the Stock Exchange's website at **www.hkexnews.hk** and our company's website at **www.yohohongkong.com** on or before . . . . Thursday, 9 June 2022

(1) Announcement of the final Offer Price; an indication of the level of interest in the International Offering; the level of applications in the Hong Kong Public Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com** on or before *(Note 12)* . . . . Thursday, 9 June 2022

(2) Results of allocation in the Hong Kong Public Offering to be available through a variety of channels (please refer to the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus from *(Note 12)* . . . . Thursday, 9 June 2022

(3) Results of allocations in the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function from *(Note 12)* . . . . Thursday, 9 June 2022

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Global Offering on or before (*Notes 6 to 12)* . . . . Thursday, 9 June 2022

Despatch/collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Global Offering on or before *(Notes 6 to 8 and 10 and 12)* . . . . Thursday, 9 June 2022

Dealings in the Shares on the Main Board expected to commence at 9:00 a.m. on *(Note 12)* . . . . Friday, 10 June 2022

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates. If there is any change to the above expected timetable, our Company will make an appropriate announcement to inform investors accordingly.

2. You will not be permitted to submit your application through the **IPO App** or the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 31 May 2022, the application list will not open or close on that day. For further details, please refer to the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this prospectus.

4. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying Through The **CCASS EIPO** Service" in this prospectus.

5. The Price Determination Date is expected to be on or about Wednesday, 1 June 2022 (or such later date or time as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)), in any event, no later than Sunday, 5 June 2022. If the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on the Price Determination Date or such later date or time as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not become unconditional and will lapse.

6. Share certificates for the Hong Kong Offer Shares are expected to be issued on or before Thursday, 9 June 2022 but will only become valid evidence of title at 8:00 a.m. on Friday, 10 June 2022 provided that (a) the Global Offering has become unconditional in all respects; and (b) the Underwriting Agreement has not been terminated in accordance with its terms.

7. Applicants who apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service (as the case may be) who have provided all information required in their applications may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Thursday, 9 June 2022 or any other day as announced by us as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques.

8. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representative(s) (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

9. Applicants who applied through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques in favour of the applicant (or, in the case of joint applications, the first-named applicant), by ordinary post at their own risk.

10. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant applications. For further information, applicants should refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

11. Refund cheques/e-Auto Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applicants if the final Offer Price is less than the maximum Offer Price of HK$2.60 per Hong Kong Offer Share.

12. In case a typhoon warning signal no.8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Thursday, 26 May 2022 to Friday, 10 June 2022, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

For details of the structure of the Global Offering, including conditions of the Global Offering, applicants should refer to the section headed "Structure of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisers, agents, representatives or affiliates of any of them or any other persons or parties involved in the Global Offering.

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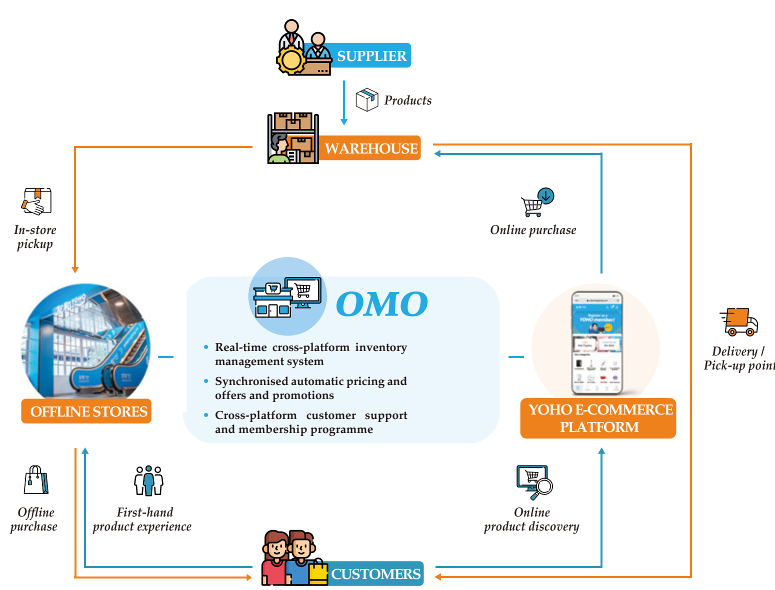
This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Please note that this is a summary only and does not contain all the information that may be important to you. You should read the whole prospectus, including but not limited to our financial statements and the accompanying notes and the particular risks involved as set out in "Risk Factors" in this prospectus, carefully before making any investment decision in respect of the Offer Shares.

OVERVIEW

We are one of the leading market players in the business-to-consumer (B2C) e-commerce industry in Hong Kong as confirmed by F&S, carrying over 23,000 SKUs (with a focus on Consumer Electronics and Home Appliances) and having established a customer base comprising over 807,000 registered members as at the Latest Practicable Date. Our brand name "Yoho (友和) 友和YOHO " encapsulates our ideology to create a one-stop e-commerce platform that caters for the wide-ranging needs of the consumers under the motto "you name it, we've got it (就係友和，乜都有嗰！)".

Our retail business adopts the online-merge-offline (OMO) model and comprises the following retail sales channels under the B2C model: (i) online B2C sales through the Yoho E-commerce Platform, i.e. our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version); (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores, i.e. the Kwun Tong Store and the Cheung Sha Wan Flagship Store. Set forth below is a diagram which illustrates the business flow of our online B2C sales and offline B2C sales, being the major sources of revenue of the Yoho OMO Business:



We have remained dedicated to the offering of Consumer Electronics and Home Appliances, which are one of the major product categories in the retail e-commerce industry in Hong Kong accounting for approximately 31.3% of the total online retail sales for FY20/21. According to the F&S Report, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21. We also ranked second and third (with a market share of approximately 1.8%) among all Hong Kong e-commerce platforms in terms of website traffic and overall online retail sales respectively for FY20/21.

As a fast-growing enterprise, we have achieved a significant growth in our revenue, recording a CAGR of approximately 96.5% during the three years ended 31 March 2021; in particular, our revenue derived from the Yoho OMO Business had grown at a CAGR of 107.1% during the three years ended 31 March 2021. Our Group was among the initial investee companies of the ITVF Scheme, where the investments were made through ITVFC, its special-purpose vehicle and our former shareholder, in April and November 2019; the ITVF Scheme was a fund set up by the Hong Kong government to encourage more private venture capital funding to invest in local innovation and technology start-ups.

With both online and offline presence and utilising the power of technologies, we are well-equipped to provide our customers with a shopping experience that blends the advantages of online shopping and offline shopping. We believe that our leading position in the industry is underpinned by our endeavour to improve customer experience and operational efficiency. Being one of the first e-commerce businesses adopting the OMO model established in Hong Kong, we have incorporated various customised features in our business operation, which we believe sets us apart from other retailers of consumer electronics and home appliances in Hong Kong. For example, the Yoho E-commerce Platform include, among others, display of real-time information about inventory availability in our warehouses and at our retail stores. Our in-house developed automatic pricing system permits us to maintain an efficient inventory turnover and to make sure that our products are offered at competitive prices. In collaboration with various financial institutions and financial technology companies, we have been active in introducing new payment options to online shoppers in Hong Kong, and provide our consumers with diversified payment options. We have also developed in-house a warehouse management system using bar coding and tailored mobile devices for identification and tracking of inventory, which helps guarantee our efficiency in order processing and delivery. In addition, we have in place flexible delivery arrangements, with our delivery network covering not only residential and business addresses but also pick-up points spread across Hong Kong.

We believe the above have enabled us to enhance customer experience, which helped drive the significant increase in our customer base and the scale of operation in the Yoho OMO Business (consisting of (i) online B2C sales through the Yoho E-commerce Platform; (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores) during the Track Record Period as illustrated below:

	FY18/19	**FY19/20**	**FY20/21**	**8M21/22**
Number of registered members as at financial year/period end	203,000	334,000	539,000	700,000
Number of completed orders	95,000	182,000	346,000	294,000
GMV *(HK$)*	117,924,000	229,928,000	506,145,000	483,071,000
Basket value *(HK$)*	1,241	1,263	1,463	1,643

The overall revenue and net profit of our Group have exhibited continuous and robust growth during the Track Record Period. For FY18/19, FY19/20, FY20/21 and 8M21/22, our total revenue amounted to approximately HK$135.4 million, HK$260.0 million, HK$523.0 million and HK$496.7 million, and we recorded a net profit of HK$12.3 million, HK$18.3 million, HK$28.7 million and a net loss of HK$13.9 million, while the adjusted net profit as non-HKFRS measures were approximately HK$13.0 million, HK$17.6 million, HK$28.7 million and HK$13.6 million respectively. The Yoho OMO Business under the B2C model constitutes our major sales channel and contributed over 80.0% of our total revenue throughout the Track Record Period. In particular, our revenue derived from online retail sales amounted to approximately 57.1%, 67.7%, 79.0% and 79.4% of our total revenue for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively.

We also generate revenue through offline bulk sales under the business-to-business (B2B) model, whereby we mainly supply our products to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders. For FY18/19, FY19/20, FY20/21 and 8M21/22, our revenue derived from offline bulk sales under the B2B model represented approximately 15.5%, 14.0%, 6.1% and 3.7% of our total revenue respectively.

Set forth below is an analysis of our revenue recorded during the Track Record Period by sales channel:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Yoho OMO Business (B2C)										
Online Retail Sales	77,356	57.1%	175,995	67.7%	413,470	79.0%	225,222	77.9%	394,520	79.4%
Offline Retail Store Sales	37,064	27.4%	47,384	18.2%	77,417	14.8%	42,920	14.9%	82,949	16.7%
	114,420	84.5%	223,379	85.9%	490,887	93.8%	268,142	92.8%	477,469	96.1%
Offline Bulk Sales (B2B)	21,002	15.5%	36,350	14.0%	31,739	6.1%	20,637	7.1%	18,308	3.7%
Others *(Note)*	–	–	224	0.1%	403	0.1%	226	0.1%	954	0.2%
Total	135,422	100.0%	259,953	100.0%	523,029	100.0%	289,005	100.0%	496,731	100.0%

Note: Such other revenue was derived from the provision of advertising services during the Track Record Period.

OUR PRODUCTS

We have a diverse and extensive product portfolio covering over 23,000 SKUs as at the Latest Practicable Date, which can be divided into the following five categories: consumer electronics, beauty and health electronic products, home appliances, computers and peripherals and lifestyle products. Throughout the Track Record Period, home appliances were the product category that contributed the largest proportion of our revenue from the Yoho OMO Business (B2C) and our offline bulk sales (B2B).

Set forth below is an analysis of our revenue generated in the Yoho OMO Business (B2C) and our offline bulk sales (B2B) during the Track Record Period by product category:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Consumer electronics	17,684	13.1%	50,929	19.6%	138,087	26.5%	62,311	21.6%	132,865	26.8%
Beauty and health electronic products	41,471	30.6%	58,785	22.6%	91,626	17.5%	56,769	19.6%	75,245	15.2%
Home appliances	63,248	46.7%	123,820	47.7%	207,550	39.7%	120,070	41.6%	209,919	42.3%
Computers and peripherals	6,407	4.7%	10,472	4.0%	49,670	9.5%	25,923	9.0%	49,216	9.9%
Lifestyle products	6,612	4.9%	15,723	6.1%	35,693	6.8%	23,706	8.2%	28,532	5.8%
Total for all product categories	**135,422**	**100.0%**	**259,729**	**100.0%**	**522,626**	**100.0%**	**288,779**	**100.0%**	**495,777**	**100.0%**

The majority of our products available on the Yoho E-commerce Platform and at our retail stores during the Track Record Period were electronic devices intended for everyday use, typically in private homes. For FY18/19, FY19/20, FY20/21 and 8M21/22, over 95.0% of our total revenue from the Yoho OMO Business (B2C) and our offline bulk sales (B2B) was derived from the sales of electronic items.

For further details, please refer to "Business — Our Business Model — Our Products" in this prospectus.

OUR SUPPLIERS

During the Track Record Period, we typically sourced products from suppliers comprising brand owners, authorised distributors and trading companies in Asia. Capitalising on the rapid growth of the Yoho OMO Business over the years, we had established sound business relationships with a network of over 590 suppliers during the Track Record Period, with direct access to certain top-tier brands and distribution rights in Hong Kong in respect of certain products. As a result, we are able to source a diversified range of products with assured authenticity and quality at favourable prices.

During the Track Record Period, our five largest suppliers accounted for approximately 37.6%, 30.1%, 25.1% and 24.9% of our total purchases for FY18/19, FY19/20, FY20/21 and 8M21/22, respectively, while our largest supplier accounted for approximately 12.8%, 9.7%, 6.5% and 6.6% of our total purchases for the respective periods. To the best of the knowledge of our Directors, as at the Latest Practicable Date, all of the top five suppliers of our Group during the Track Record Period were Independent Third Parties.

For further details, please refer to "Business — Our Suppliers" in this prospectus.

OUR CUSTOMERS

The Yoho OMO Business is by nature a business under the B2C model. Customers contributing to our online retail sales via the Yoho E-commerce Platform are generally individual end customers or small-size businesses who/which may have located our website via search engines, third-party social media platforms or advertisements online. Customers contributing to our offline retail sales mainly comprise walk-ins at our two retail stores, who are typically members of the public. We also generate online retail sales under the business-to-business-to-consumer (B2B2C) model, whereby sales are made to our end customers via Reward Scheme Platforms, i.e. online redemption platforms of certain third-party reward schemes, and third-party online marketplaces, and we shall be responsible for fulfilment of orders received and provision of after-sale services.

In addition, we make offline bulk sales under the B2B model mainly to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders.

Set forth below are statistical data that reflect the significant growth in our customer base and scale of operation in the Yoho OMO Business (comprising (i) online B2C sales through the Yoho E-commerce Platform; (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores) during the Track Record Period:

	FY18/19	**FY19/20**	**FY20/21**	**8M21/22**
Average number of monthly active users *(Note 1)*	442,000	673,000	1,290,000	1,674,000
Number of registered members as at financial year/period end *(Note 2)*	203,000	334,000	539,000	700,000
Number of active customers *(Note 3)*	66,000	115,000	212,000	182,000
Number of completed orders *(Note 4)*	95,000	182,000	346,000	294,000
GMV *(HK$) (Note 5)*	117,924,000	229,928,000	506,145,000	483,071,000
Basket value *(HK$) (Note 6)*	1,241	1,263	1,463	1,643

Notes:

(1) The "active users" for a particular financial year/period refers to the unique users who had initiated one or more session(s) on the Yoho E-commerce Platform during that financial year/period. Such statistical data were derived from the data of our online sales channel under the Yoho OMO Business. Our Directors consider that the "number of active users" reflects the amount of visitors to the Yoho E-commerce Platform. The figures stated are rounded to the nearest thousand.

(2) An individual may enrol as a "registered member" through the Yoho E-commerce Platform (as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she wishes). Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors take the "number of registered members" as an estimate of the number of consumers who have gained shopping experience using our retail facilities. The figures stated are rounded to the nearest thousand.

(3) The "active customers" for a particular financial year/period refers to those customers who had each made one or more purchase(s) from us during that financial year/period. The "number of active customers" is taken by our Directors as a measure of the size of our customer base. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. The figures stated are rounded to the nearest thousand.

(4) The "number of completed orders" for a particular financial year/period includes orders placed by our registered members with us on the Yoho E-commerce Platform, orders made by our customers at our retail stores, and orders from consumers received via Reward Scheme Platforms and third-party online marketplaces that had been completed during that financial year/period. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors construe the "number of orders received" as an indicator of our overall scale of operation. The figures stated are rounded to the nearest thousand.

(5) The "GMV" for a particular financial year/period is equivalent to the total gross sales dollar value of all relevant orders completed during that financial year/period, before deductions for discounts offered by us and set-offs by virtue of conversion of membership points. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. The "GMV" is regarded by our Directors as an indicator of our overall scale of operation. The figures stated are rounded to the nearest thousand.

(6) The "basket value" for a particular financial year/period is calculated by dividing our GMV by the number of orders completed during that financial year/period. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors view the "basket value" as a measure of our average order size.

To the best of the knowledge of our Directors, as at the Latest Practicable Date, all of the major customers of our Group, Reward Scheme Platforms and third-party online marketplaces with whom we transacted with during the Track Record Period were Independent Third Parties.

For further details, please refer to "Business — Our Customers" in this prospectus.

OUR PRICING MODEL

We strive to make sure that our products are price competitive. In the Yoho OMO Business, with the aid of an in-house developed automatic pricing system, we keep a close watch on the prices charged by other retailers in respect of the same products offered by us and our inventory level. Our pricing system automatically determines at what level our selling prices should be set and when adjustments are needed taking into account the factors set forth above. We are therefore able to promptly adjust our selling prices as and when necessary to maintain the price competitiveness of our products on any given date taking into account the prevailing market prices, as well as an efficient inventory turnover. Our operational efficiency and streamlined cost structure as an OMO retailer (with e-commerce being at the core of our operations) permit us to competitively price our products, as compared with offline retailers. We have in our retail stores digital price tags that refresh themselves automatically to make sure the displays of marked price of our products on the Yoho E-commerce Platform and our retail stores are synchronised. While consistency is maintained in the marked price of our products available to our customers via different sales channels, as we organise different marketing and promotional activities from time to time to stimulate sales, our customers may enjoy different promotion discounts on the Yoho E-commerce Platform and our retail stores. For example, certain promotional campaigns such as flash sales and special discounts were only applicable to our Yoho E-commerce Platform. For further details, please refer to "Business — Our Business Model — Pricing" in this prospectus.

COMPETITIVE STRENGTHS

We have attained substantial growth in scale of operation, financial performance and market share during the Track Record Period and we believe the following competitive strengths contribute to our success: (i) we are one of the leading market players in the Hong Kong B2C e-commerce industry and have well-developed reputation, brand awareness and customer base; (ii) we operate the well-established Yoho E-commerce Platform, on which we pride ourselves; (iii) we are an avid pursuer of innovation taking full advantage of the power of technologies; (iv) we adopt a multifaceted marketing and promotion strategy based on our insights into the local market; and (v) we have a dedicated, insightful and enterprising management team. For further details, please refer to "Business — Competitive Strengths" in this prospectus.

BUSINESS STRATEGIES

To continue to expand our business and increase our market share, and to further the accomplishment of our business objectives, we plan to implement the following strategies: (i) capturing a larger market share through organic growth; (ii) expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations; (iii) expanding our services to customers in the PRC and, in particular, the Greater Bay Area; (iv) strengthening our supply chain capabilities; (v) further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities; and (vi) acquiring companies in e-commerce-related industries. For further details, please refer to "Business — Business Strategies" in this prospectus.

SHAREHOLDERS INFORMATION

Our Controlling Shareholders

Immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of the options which may be granted under the Share Option Scheme), The Mearas Venture, The Wings Venture and Yo Cheers (BVI) will hold approximately 33.6%, 28.2% and 0.5% of the total issued share capital of our Company. The Mearas Venture is wholly-owned by Mr. Wu. The Wings Venture and Yo Cheers (BVI) are wholly-owned by Ms. Tsui. Ms. Tsui is the spouse of Mr. Wu. As such, Mr. Wu, Ms. Tsui, The Mearas Venture, The Wings Venture and Yo Cheers (BVI) will be a group of Controlling Shareholders within the meaning of the Listing Rules. Our Controlling Shareholders confirm that as at the Latest Practicable Date, they did not have any interest in business which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules. Our Directors believe that we are able to operate independently from our Controlling Shareholders after completion of the Global Offering. Please refer to "Relationship with Our Controlling Shareholders" in this prospectus for further details.

Pre-IPO Investors

We underwent two rounds of pre-IPO investments in 2019 and 2021, respectively. In 2019, we obtained pre-IPO investments amounting to a total of HK$40,000,000 from Beyond Ventures

Vehicle and ITVFC. On 27 April 2021, ITVFC ceased to be one of the shareholders of our Group following Beyond Venture's exercise of the call option granted by ITVFC to acquire the series A preferred shares of Yoho BVI. For further details, please refer to "History, reorganisation and corporate structure — Reorganisation — Acquisition of ITVFC's shareholding in Yoho BVI by Beyond Ventures Vehicle" in this prospectus. In 2021, the 2021 Pre-IPO Investors invested a total of US$12,250,000 (approximately HK$95,305,000), whereby the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 Series A Preferred Shares at a total consideration of US$8,250,000 (approximately HK$64,185,000), and the 2021 Pre-IPO Existing Shares Investors purchased a total of 7,921,527 Shares at a total consideration of US$4,000,000 (approximately HK$31,120,000) from The Wings Venture, one of our Controlling Shareholders. Immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of the options which may be granted under the Share Option Scheme), our pre-IPO investors will in aggregate hold approximately 26.7% of the total issued share capital of our Company.

KEY FINANCIAL DATA

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	FY18/19	FY19/20	FY20/21	8M20/21	8M21/22
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	135,422	259,953	523,029	289,005	496,731
Cost of goods sold	(102,567)	(206,696)	(431,967)	(235,144)	(421,977)
	32,855	53,257	91,062	53,861	74,754
Other income	1	107	3,269	3,242	2
Other gains and losses	(540)	684	(112)	(127)	(11,463)
Selling and distribution expenses	(11,249)	(22,114)	(44,946)	(26,139)	(43,428)
Administrative expenses	(6,420)	(10,216)	(15,300)	(9,215)	(14,635)
Listing expenses	–	–	–	–	(16,065)
Finance costs	(31)	(112)	(236)	(146)	(289)
Profit (loss) before taxation	14,616	21,606	33,737	21,476	(11,124)
Income tax expense	(2,344)	(3,282)	(5,004)	(2,851)	(2,808)
Profit (loss) and total comprehensive income (expense) for the year/period	12,272	18,324	28,733	18,625	(13,932)
Earnings (loss) per share –					
Basic (HK$ cents)	3.65	4.69	6.99	4.53	(3.39)
Diluted (HK$ cents)	N/A	N/A	N/A	N/A	(3.39)

NON-HKFRS MEASURES

In order to supplement our consolidated statements of profit or loss and other comprehensive income, which are presented in accordance with HKFRS, we also use adjusted net profit as non-HKFRS measures as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in income from operations and net profit, and therefore provide useful information to investors and others in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that these non-HKFRS measures provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects, and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted net profit as non-HKFRS measures as profit for the year/period adjusted by (i) fair value change in derivative financial instrument; (ii) fair value change in convertible redeemable preferred shares and (iii) Listing expenses. Given that (i) fair value change in derivative financial instrument was resulted from the measurement of fair value change in the call option granted to Beyond Ventures Vehicle which has been exercised; (ii) fair value change in convertible redeemable shares was resulted from the conversion right to ordinary share granted to the holders of the Series A Preferred Shares which will be exercised before Listing and (iii) Listing expenses were incurred for the purpose of the Listing, these items will not exist after the Listing. The use of adjusted net profit as non-HKFRS measures has material limitations as an analytical tool because they do not reflect all items of income and expenses that affect our operations. When assessing our operating and financial performance, you should not consider adjusted net profit as non-HKFRS measures in isolation from or as a substitute for our profit or loss for the year/period, gross profit or any other financial performance measure that is calculated in accordance with HKFRS. The term "adjusted net profit as non-HKFRS measures" is not defined under HKFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following table sets forth our adjusted net profit as non-HKFRS measures for the years/periods indicated:

	FY18/19	FY19/20	FY20/21	8M20/21	8M21/22
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for the year/period	12,272	18,324	28,733	18,625	(13,932)
Adjusted for:					
Fair value change in derivative financial instrument	774	(692)	–	–	–
Fair value change in convertible redeemable preferred shares	–	–	–	–	11,495
Listing expenses	–	–	–	–	16,065
Adjusted net profit as non-HKFRS measures	13,046	17,632	28,733	18,625	13,628

Please refer to "Financial Information — Description of Certain Line Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income" and "Financial Information — Non-HKFRS Measures" in this prospectus for further details.

During FY20/21 and 8M20/21, we received government grants of approximately HK$3.1 million and HK$3.1 million respectively in relation to the outbreak of COVID-19, mainly being the wage subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government aimed to provide temporary financial support to employers to retain employees who may otherwise be made redundant due to the outbreak of COVID-19. Our other income, mainly consisting the government grants, increased from HK$107,000 in FY19/20 to HK$3.3 million in FY20/21 and amounted to HK$3.3 million in 8M20/21.

Our profit for the year was approximately HK$12.3 million, HK$18.3 million and HK$28.7 million for FY18/19, FY19/20 and FY20/21 respectively, representing a net profit margin of approximately 9.1%, 7.0% and 5.5% for the same years, respectively, with the decrease in net profit margin due to a decrease in gross profit margin. As compared to our profit of approximately HK$18.6 million for 8M20/21, we recorded net loss of HK$13.9 million for 8M21/22, primarily due to the recognition of fair value change in convertible redeemable preferred shares of HK$11.5 million and Listing expenses of HK$16.1 million. The adjusted net profit as non-HKFRS measures decreased from HK$18.6 million for 8M20/21 to HK$13.6 million for 8M21/22, primarily due to (i) the significant increase in selling and distribution expenses of approximately HK$17.3 million; (ii) the increase in administrative expenses of approximately HK$5.4 million and (iii) partially offset by the increase in gross profit of approximately HK$20.9 million.

For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, the Yoho OMO Business under the B2C model generated revenue of approximately HK$114.4 million, HK$223.4 million, HK$490.9 million, HK$268.1 million and HK$477.5 million, representing 84.5%, 85.9%, 93.8%, 92.8% and 96.1% of our total revenue respectively; in particular, our revenue derived from online retail sales amounted to approximately HK$77.4 million, HK$176.0 million, HK$413.5 million, HK$225.2 million and HK$394.5 million, representing 57.1%, 67.7%, 79.0%, 77.9% and 79.4% of our total revenue. Our revenue derived from offline bulk sales amounted to approximately HK$21.0 million, HK$36.4 million, HK$31.7 million, HK$20.6 million and HK$18.3 million, representing 15.5%, 14.0%, 6.1%, 7.1% and 3.7% of our total revenue respectively.

Our Gross Profit

For FY18/19, FY19/20, FY20/21 and 8M21/22, the gross profit margin of our Group amounted to approximately 24.3%, 20.5%, 17.4% and 15.0% respectively.

Our Proactive Market Share Acquisition Strategy and the Decreasing Trend in our Gross Profit Margin until the Last Quarter of FY20/21 (i.e. January 2021)

In recent years, our Group has been progressively built into a sizeable business, having established a considerable customer base and scale of operation and acquired the status as one of the key market players in the Hong Kong B2C e-commerce industry. The rounds of pre-IPO investments completed in 2019 and 2021 have further enriched our financial resources and strengthened our capacity. All of these positive developments have rendered us primed to carry on our growth momentum and expand our prominence and competitiveness in the market for sustainable long-term development, by means of proactively increasing our market share.

Historically, our Group had recorded much higher gross profit margins in respect of exclusively distributed products and certain products falling within the beauty and health electronic product category. During the Track Record Period, our exclusively distributed products had yielded gross profit margins ranging from approximately 38.8% to 43.1%, and beauty and health electronic products had generated gross profit margins ranging from approximately 25.2% to 27.7%. Higher gross profit margins were recorded in respect of those products exclusively distributed by us because (1) on the procurement side, we enjoyed stronger bargaining power vis-à-vis the suppliers when negotiating the purchase prices; and (2) on the sales side, we were in a position to determine the selling prices in the Hong Kong market given that the products were not available on other local e-commerce platforms. As regards beauty and healthcare electronic products, higher gross profit margins were recorded because, as confirmed by F&S, customers purchasing such products are generally less price-sensitive. The exclusively distributed products and beauty and health electronic products had given our overall gross profit margin a material lift, as their associated gross profit margins were significantly above the average level of our products.

As a facet of our proactive market share acquisition strategy, we have been widening our product portfolio for better alignment with the diverse demand in the market for Consumer Electronics and Home Appliances. A particular focus has been put on (1) consumer electronics, in order to establish ourselves as a leading retailer of electronic products in the Hong Kong B2C e-commerce industry; and (2) popular products of major brands (across different categories of Consumer Electronics and Home Appliances) that are of broad appeal and in significant demand, in order to gain wider and higher public recognition (albeit the more intense market competition among retailers of the popular major brand products). This strategy is consistent with our mission to become a household name well-recognised for offering a wide range of quality products at affordable prices under the motto "you name it, we've got it (就係友和, 乜都有嗰!)". During the Track Record Period, the number of brands of products we had sold had increased from 753 for FY18/19 to 1,023 for FY19/20 and 1,309 for FY20/21, and from 1,137 for 8M20/21 to 1,284 for 8M21/22. Comparatively speaking, during the Track Record Period, we had recorded lower gross profit margins in respect of popular products of major brands in the product categories of Consumer Electronics and Home Appliances, where the gross profit margins attributable to the top 20 brands' products (excluding exclusively distributed products and beauty and health electronic products) ranged from approximately 2.8% to 23.2%, with an average gross profit margin of 8.3%. In line with our management's expectations, following their addition to our product portfolio, the sales of these consumer electronics and popular major brand products (which typically carry lower gross profit margins) have increased at a higher rate than our other products which typically carry higher gross profit margins as explained in the preceding paragraph. In addition, at the initial stage of our business expansion to introduce popular major brands products, due to the lack of track record and our relatively limited operating scale and brand awareness, for certain popular major brand products, we were often not recognised by the brand owners as top-tier distributors that would be entitled to advantageous trade terms, leading to higher procurement costs and thus thinner margins from the sales of such products. Therefore, the continuous expansion of product portfolio has driven down the overall gross profit margin of our Group in the short term. This was the principal factor that had driven the decrease in our gross profit margin from FY18/19 until the last quarter of FY20/21 (i.e. January 2021).

Since January 2021, the gross profit margin of our Group has largely stabilised at around 15.0% because (1) we have been selling certain popular major brand products for some years and the growth rate of sales of these products (which carry lower gross profit margins) (the "**low-GPM products**") has slowed down; therefore, it is observed that the growth rate in the sales of products carrying low profit margins in our product portfolio has become more comparable with the growth rate in the sales of our other products which carry higher gross profit margins since FY20/21, thereby resulting in the stabilisation of our overall gross profit at around 15.0%; (2) we have established stable business relationships with our suppliers, and become able to procure certain low-GPM products from either the brand owners themselves or their first-tier distributors directly given our larger purchase quantity, which led to increases in gross profit margins for those low-GPM products; and (3) with our leading market position and increased purchase quantity, we have become able to achieve economies of scale and procure products at lower costs with stronger bargaining power vis-à-vis our suppliers.

There were some fluctuations in our gross profit margin in April and May 2021, when a number of market players had been making active efforts to gain a foothold in the Hong Kong B2C e-commerce market through the launches of their own online shopping platforms servicing local consumers. These included both newcomers and established e-commerce platform operators from other markets. The range of promotions and discounts launched and offered by such new market participants had brought to our Group a certain degree of pricing pressure, and called for flexible pricing adjustments and launches of promotional campaigns (with the offer of larger discounts) by our Group in order to stay competitive in the market and continue our proactive market share acquisition strategy. As a result, there was a further drop in our gross profit margins across different product categories during April and May 2021, in which we had recorded exceptionally lower gross profit margins overall. However, it turned out that the intensification of market competition was not as significant as originally expected. In view of this, we did not continue to adopt the aggressive pricing strategies, and our overall gross profit margin had recovered to around 15.0% for the rest of 8M21/22.

Our Directors acknowledge that the overall gross profit margin of our Group has been driven down as a result of the addition of certain consumer electronics and popular major brand products to our product portfolio and the temporary competitive pricing adjustments in response to the market competition. Our Directors are of the view that the long-term benefits associated with these strategies should outweigh the costs: notwithstanding the impact on overall gross profit margin, these strategies could enhance our market position and brand awareness and thus drive continuous and sustainable growth in our business scale and revenue, favouring our long-term business development. It is also our Directors' target to maintain our Group's overall gross profit margin (excluding the effects of our new marketplace operations) at approximately 15.0% in order to maintain a healthy level of profitability while continuing our market share acquisition and revenue growth strategy. Our Directors also expect that the factors set forth in the paragraphs above underlying the stabilisation of our gross profit margin since January 2021 will remain valid and relevant for the remaining months of FY21/22 after the Track Record Period and for FY22/23. Taking into account the aforesaid target and factors, our Directors consider that it is reasonable for our Group to maintain our overall gross profit margin (excluding the effects of our new marketplace operations to be launched in FY22/23) at the prevailing level for the near future.

Our Revenue Growth during the Track Record Period

Our Group has progressively increased the intensity of our marketing campaigns with a view to building its brand awareness and customer base. In parallel, we have also adhered to our proactive market share acquisition strategy and remained devoted to, among others, expansion of product portfolio and active launches of promotional campaigns. Each of these is considered to have played a pivotal role in driving our revenue increase during the Track Record Period.

Intensive Marketing Campaigns

Our Group has organised intensive marketing campaigns during the Track Record Period, as explained in detail in explained in "Business — Competitive Strengths — We adopt a multifaceted marketing and promotion strategy based on our insights into the local market" in this prospectus.

The marketing and promotion expenses incurred by our Group increased from approximately HK$1.8 million for FY18/19 to HK$4.3 million for FY19/20 and HK$9.6 million for FY20/21, where the year-over-year percentage increase was 143.4% and 121.1% respectively. Correspondingly, our revenue increased from approximately HK$135.4 million for FY18/19 to HK$260.0 million for FY19/20 and HK$523.0 million for FY20/21, with year-over-year percentage increase of 92.0% and 101.2% respectively.

For 8M21/22, our marketing and promotion expenses increased to approximately HK$9.6 million from HK$6.0 million for 8M20/21, representing a period-over-period increase of 60.0%. Correspondingly, our revenue increased by approximately 71.9% to HK$496.7 million for 8M21/22 from HK$289.0 million for 8M20/21.

Our marketing and promotion expenses had remained relatively steady as a percentage of our revenue, representing approximately 1.3%, 1.7%, 1.8%, 2.1% and 1.9% of our revenue for FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22 respectively. The trend set forth above demonstrates a strong correlation between our revenue growth and the amount of marketing and promotion expenses incurred. By gradually stepping up marketing campaigns, we have earned increased brand awareness and an expanded customer base, which have paved the way for commensurate increases in our revenue. Our intensive marketing campaigns (as reflected by the increasing amount of marketing and promotion expenses incurred) have served as a key driving force behind our revenue growth throughout the Track Record Period.

Continuous Expansion of Product Portfolio

Separately, as a facet of our proactive market share acquisition strategy, we have been widening our product portfolio to satisfy the higher demand in the market for Consumer Electronics and Home Appliance, as more particularly set forth in "Key Financial Data — Our Gross Profit — Our Proactive Market Share Acquisition Strategy and the Decreasing Trend in our Gross Profit Margin" in this section. The number of brands of products our Group had sold had increased from 753 for FY18/19 to 1,023 for FY19/20 and 1,309 for FY20/21, and from 1,137 for 8M20/21 to 1,284 for 8M21/22. By offering products of increasing brand diversity, we have been able to effectively acquire new customers and incentivise our existing customers to increase their spending, thereby recording continuous growth in sales.

Active Launches of Promotional Campaigns

Separately, to further stimulate sales, we have been actively launching promotional campaigns and had taken a more aggressive position particularly during 8M21/22, as more particularly set forth in "Key Financial Data — Our Gross Profit — Our Proactive Market Share Acquisition Strategy and the Decreasing Trend in our Gross Profit Margin" in this section. Our promotional campaigns feature, among others, (1) flash sales, i.e. sales of a selection of goods at greatly reduced prices lasting for only a short specified time period (the "**Flash Sales**"); and (2) special discounts offered to customers using designated payment methods in collaboration with relevant financial institutions and financial technology companies (the "**Special Discounts**"). While our Flash Sales only lasted for 27 days during 8M20/21, we had organised Flash Sales over a span of 61 days during 8M21/22. We started to offer Special Discounts to our customers in November 2020; during 8M21/22, we had partnered with a total of eight financial institutions and financial technology companies for various rounds of Special Discounts.

Our Prospects for Further Growth in Revenue

Our Group has all along adopted means to secure revenue growth on a continuing and recurring basis. Such means include, among others, intensive marketing campaigns, continuous expansion of product portfolio and active launches of promotional campaigns, as discussed above. They have served as our effective revenue boosts during the Track Record Period, and continued to be so subsequent to the Track Record Period. Our Directors believe that our existing strategies, coupled with those that will be implemented after Listing as set forth in "Business — Business Strategies" in this prospectus, such as the progressive building of online marketplace, will help maintain our revenue growth momentum going forward.

Selected Data from Consolidated Statements of Financial Position

				As at
	As at 31 March			**30 November**
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	33,222	89,598	120,308	210,024
Current liabilities	10,618	24,454	50,478	160,273
Net current assets	22,604	65,144	69,830	49,751
Non-current assets	3,693	15,090	21,949	31,011
Non-current liabilities	705	9,841	12,808	15,723
Net assets	25,592	70,393	78,971	65,039

Our Group's net current assets increased from approximately HK$22.6 million as at 31 March 2019 to approximately HK$65.1 million as at 31 March 2020 primarily due to the increase in bank balances attributable from proceeds of the 2019 pre-IPO investments and increase in inventories resulting from business growth, partially offset by the increase in contract liabilities, lease liabilities and increase in trade payables. Our Group's net current assets increased from approximately HK$65.1 million as at 31 March 2020 to approximately HK$69.8 million as at 31 March 2021 primarily due to the increase in inventories resulting from business growth, partially offset by the increase in lease liabilities and trade payables. Our Group's net current assets decreased from approximately HK$69.8 million as at 31 March 2021 to approximately HK$49.8 million as at 30 November 2021 primarily due to the increase in fair value of convertible redeemable preferred shares as at 30 November 2021 and the payment of Listing expense.

For FY18/19, the total equity increased from HK$6.5 million to HK$25.6 million, which was mainly due to the profit and total comprehensive income for the year of HK$12.3 million, issuance of Shares of HK$10.0 million, issuance of Series A Preferred Shares of HK$13.5 million, partially offset by transaction costs directly attributable to issue of Shares of HK$0.6 million and dividends recognized as distribution of HK$16.1 million.

For FY19/20, the total equity increased from HK$25.6 million to HK$70.4 million, which was mainly due to the profit and total comprehensive income for the year of HK$18.3 million, issuance of Series A Preferred Shares of HK$26.5 million, exercise of call options on the Series A Preferred Shares of HK$82,000, partially offset by transaction costs directly attributable to issue of Shares of HK$0.1 million.

For FY20/21, the total equity increased from HK$70.4 million to HK$79.0 million, which was mainly due to the profit and total comprehensive income for the year of HK$28.7 million, partially offset by dividends recognized as distribution of HK$20.1 million.

For 8M20/21, the total equity increased from HK$70.4 million to HK$89.0 million, which was mainly due to the profit and total comprehensive income for the period of HK$18.6 million.

For 8M21/22, the total equity decreased from HK$79.0 million to HK$65.0 million, which was mainly due to the loss and total comprehensive expense for the period of HK$13.9 million.

Please refer to "Appendix I — Consolidated Statements of Changes in Equity" in this prospectus for further details.

Selected Data from Consolidated Statements of Cash Flows

	FY18/19	FY19/20	FY20/21	8M20/21	8M21/22
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating cash flows before movements in working capital	16,802	24,629	39,754	25,131	7,647
Increase in trade receivables	(866)	(323)	(2,116)	(5,676)	(4,550)
Increase in other receivables, deposits and prepayments	(1,204)	(7,776)	(276)	(5,833)	(5,298)
Increase in inventories	(7,061)	(16,779)	(35,044)	(24,590)	(2,535)
Increase in trade payables	1,785	3,588	20,377	5,547	10,451
Increase in other payables and accruals	934	1,947	929	1,290	9,088
Increase (decrease) in contract liabilities	933	7,253	(948)	11,466	10,378
Cash generated from operations	11,323	12,539	22,676	7,335	25,181
Income taxes (paid) refund	(3,738)	(1,888)	(4,680)	(491)	446
Net cash from operating activities	7,585	10,651	17,996	6,844	25,627
Net cash used in investing activities	(1,891)	(785)	(575)	(751)	(4,494)
Net cash (used in) from financing activities	(2,109)	23,722	(23,068)	(2,458)	53,962
Net increase (decrease) in cash and cash equivalents	3,585	33,588	(5,647)	3,635	75,095
Cash and cash equivalents at beginning of the year/period	6,035	9,620	43,208	43,208	37,561
Cash and cash equivalents at end of the year/period	9,620	43,208	37,561	46,843	112,656

Our Group's net cash from operating activities increased from approximately HK$7.6 million to HK$10.7 million and further to HK$18.0 million during the three years ended 31 March 2021, mainly due to the increase in profit before taxation resulting from business growth and increase in trade payables. For 8M20/21, we had net cash generated from operating activities of approximately HK$6.8 million, mainly representing profit before taxation and increase in contract liabilities, and partially offset by increase in inventories. For 8M21/22, we had net cash generated from operating activities of approximately HK$25.6 million, mainly representing loss before taxation adjusted by depreciation and fair value change in convertible redeemable preferred shares, increase in trade payables, increase in other payables and accruals, and increase in contract liabilities, and partially offset by increase in trade receivables and increase in other receivables, deposits and prepayments.

For FY18/19, the net cash used in financing activities was approximately HK$2.1 million mainly due to the dividends paid and repayments to a director. For FY19/20, the net cash from financing activities was approximately HK$23.7 million mainly due to the proceeds from issue of shares. For FY20/21, the net cash used in financing activities was approximately HK$23.1 million mainly due to the dividends paid and repayments of lease liabilities and related finance cost. For 8M20/21, we had net cash used in financing activities of approximately HK$2.5 million, which primarily consists of repayments of leases liabilities and related finance cost of approximately HK$2.5 million. For 8M21/22, we had net cash from financing activities of approximately HK$54.0 million, which primarily consists of proceeds from issue of convertible redeemable preferred shares of approximately HK$64.1 million and advance from a director of approximately HK$7.5 million, partially offset by payment of Listing expense of HK$3.2 million, repayments of leases liabilities and related finance cost of approximately HK$5.2 million and repayments to a director of approximately HK$8.8 million.

Please refer to "Financial Information — Liquidity and Capital Resources" in this prospectus for further details.

Key Financial Ratios

	Year ended/As at 31 March			Eight months ended/As at 30 November
	2019	**2020**	**2021**	**2021**
Gross profit margin	24.3%	20.5%	17.4%	15.0%
Net profit margin	9.1%	7.0%	5.5%	(2.8)%
Adjusted net profit margin as non-HKFRS measures	9.6%	6.8%	5.5%	2.7%
Return on equity	48.0%	26.0%	36.4%	N/A
Return on total assets	33.2%	17.5%	20.2%	N/A
Current ratio	3.1	3.7	2.4	1.3
Quick ratio	1.6	2.3	1.1	0.9
Gearing ratio	N/A	N/A	0.01	N/A

Our return on equity decreased from approximately 48.0% for FY18/19 to approximately 26.0% for FY19/20 primarily due to the increase in share capital from approximately HK$23.5 million as at 31 March 2019 to approximately HK$50.0 million as at 31 March 2020, whereas our return on equity increased from approximately 26.0% for FY19/20 to approximately 36.4% for FY20/21 primarily due to the increase in profit for the year 56.8% for FY20/21. Our return on total assets decreased from approximately 33.2% for FY18/19 to approximately 17.5% for FY19/20 primarily due to the increase in total assets attributable to the increase in inventories and bank balances and cash, whereas our return on total assets increased from approximately 17.5% for FY19/20 to approximately 20.2% for FY20/21 primarily due to the increase in profit for the year.

For further details, please refer to "Financial Information — Key Financial Ratios" in this prospectus.

RECENT DEVELOPMENTS

We achieved a significant revenue growth of approximately 25.3% for the four months ended 31 March 2022 as compared with the four months ended 31 March 2021, which is mainly attributable to the increase in revenue from online retail sales. This was mainly driven by the increase in number of active customers as well as the orders received, as a result of (i) our promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods; (ii) a step-up in our marketing and promotion efforts; and (iii) implementation of supportive government policies including the consumption voucher scheme.

Under the MOU entered into between Japan Home Centre (H.K.) Limited ("**JHC HK**") and our Group, JHC HK and our Group shall each leverage their and our own resources to collaborate across various aspects, including but not limited to marketing, warehousing services and distribution channels, with a view to delivering a superior OMO experience to customers. JHC HK is a wholly-owned subsidiary of International Housewares Retail Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1373). For further details, please refer to "Business — Our Business Model — Our Strategic Business Cooperation with Japan Home Centre (H.K.) Limited" in this prospectus.

As at the Latest Practicable Date, JHC HK and our Group had commenced business cooperation in the area of inventory sharing and logistics pooling, being one of the aspects for collaboration as identified in the MOU. In this regard, pursuant to the binding agreement entered into between JHC HK and our Group, JHC HK had been sourcing inventory from our Group subsequent to the end of the Track Record Period.

No Material Adverse Change

The fifth wave of the COVID-19 outbreak in Hong Kong beginning in early 2022 had brought certain impact on our sales and daily operations, where (a) the general consumer sentiment had been weakened; (b) our marketing, logistics and warehousing operations had been affected as a result of staff infections and the consequent reduction in available manpower; and (c) the reduced operations of various sectors in the society and the extreme social condition (including the social distancing measures) at the height of the outbreak in February and March 2022 had disturbed and slowed down our logistics and order fulfilment workflows. Nevertheless, we managed to achieve year-on-year growth in our monthly revenue for each of January, February and March 2022. In addition, according to the F&S Report, albeit the heavy impact on the Hong Kong economy brought about by the outbreak of the COVID-19 pandemic since January 2020, Hong Kong online retail sales have outperformed the overall Hong Kong economy, registering an year-on-year increase of approximately 18.6% from FY19/20 to FY20/21, where an increase by 9.1% had been recorded in the category of Consumer Electronics and Home Appliances in particular. Owing to the implementation of pandemic prevention and control policies, Hong Kong citizens have gradually switched from purchases from brick-and-mortar stores to online purchases, thereby fueling the growth of the Hong Kong e-commerce industry. Given the above and several continuous growth drivers (such as high Internet and smartphone penetration, improved payment and logistic infrastructure, and increasing consumer confidence in and loyalty to online transactions), the uptrend of the Hong Kong e-commerce market is anticipated to endure for the coming years. Furthermore, as confirmed by our Directors, our Group had not encountered any material supply chain disruption during the Track Record Period and up to the Latest Practicable Date due to the COVID-19 pandemic. Our Directors are of the view that the outbreak of COVID-19 has not caused and would not cause any material adverse impact on our business operation, business relationship with our customers and suppliers, and results of operations.

Although our Group's revenue is expected to record a significant growth for FY21/22, our Group's gross profit margin is expected to decrease for FY21/22 as compared to that of FY20/21, which is mainly attributable to our Group's ongoing proactive market share acquisition strategy where our Group had been widening our product portfolio for better alignment with the diverse demand in the market for Consumer Electronics and Home Appliances. It is our Group's strategy to further enrich our product offerings with, among others, popular major brand products that are of broad appeal and in significant demand, notwithstanding the relatively lower profit margins associated with these products. In the light of the above, our Group expects to record a further decrease in net profit for FY21/22, which is mainly attributable to (i) the one-off Listing expenses of approximately HK$21.7 million and changes in fair value of convertible redeemable preferred shares of approximately HK$4.7 million recorded in FY21/22; (ii) the government grants of approximately HK$3.1 million recorded in FY20/21 but nil for FY21/22; and (iii) the increase in selling and distribution expenses in FY21/22, and the adjusted net profit margin as non-HKFRS measures of our Group is also expected to decrease for FY21/22 as compared to that of FY20/21 due to the expected decrease in the gross profit margin in FY21/22. In spite of that, our overall gross profit margin has remained largely stable since January 2021, with no material fluctuation since the end of the Track Record Period.

On the whole, however, our Directors consider the impact of these specific events on our overall position not to be significant. Our Directors confirm that, since 30 November 2021, being the date to which our latest audited accounts were made up and the end of the period reported on in the Accountants' Report, and up to the date of this prospectus, there has been no material adverse change in our operations or financial or trading position, and no event has occurred that would materially and adversely affect the information shown in the consolidated financial statements of our Group set forth in the Accountants' Report. Please see "Listing Expenses" in this section for further details.

WORKING CAPITAL

Taking into account the financial resources available to our Group, including our existing bank balances and cash, cash flows from operations, net proceeds from the issue of new Shares under the pre-IPO investments in May 2021 and estimated net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range), our Directors are of the view that the working capital available to our Group is sufficient for our requirements for at least 12 months from the date of this prospectus.

DIVIDENDS AND DIVIDEND POLICY

During FY18/19 and FY20/21, Yoho E-Commerce declared dividends of approximately HK$16.1 million and HK$20.2 million respectively to its then shareholders. All the dividends have been fully settled. Save as disclosed above, no dividend was paid or declared by our Company during the Track Record Period.

In future, declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividend, depend on a number of factors, including our results of operations, financial condition, the payment of cash dividends by our subsidiaries to us, and other factors which our Board may deem relevant. There is no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

As at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

GLOBAL OFFERING STATISTICS

	Based on the minimum Offer Price of HK$1.89 per Offer Share, after Downward Offer Price Adjustment of up to 10%	Based on an Offer Price of HK$2.10 per Offer Share	Based on an Offer Price of HK$2.60 per Offer Share
Market capitalisation *(Note 1)* (HK$)	945 million	1,050 million	1,300 million
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)* (HK$)	0.31	0.33	0.39

Notes:

(1) The calculation of market capitalisation is based on the number of Shares expected to be in issue immediately upon completion of the Global Offering and the Capitalisation Issue (assuming convertible redeemable preferred shares are converted into Shares and without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme) i.e. 500,000,000 Shares.

(2) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 per Share has been arrived at after making the adjustments referred to in the section headed "Appendix IIA — Unaudited Pro Forma Financial Information" in this Prospectus, and on the basis of a total of 466,085,443 Shares, assuming that (i) 55,000,000 Shares pursuant to the proposed Global Offering had been issued; and (ii) 228,890,321 Shares to be issued pursuant to the Capitalisation Issue had been completed on 30 November 2021, and without taking into account 15,031,101 Shares to be issued pursuant to the full conversion of the Series A Preferred Shares issued to 2021 Pre-IPO New Shares Investors and corresponding Capitalisation Issue for 18,883,456 Shares and without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.

(3) Had the Global Offering and the conversion of the Series A Preferred Shares issued to 2021 Pre-IPO New Shares Investors been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 November 2021 per Share would be HK$0.46 based on an Offer Price of HK$2.10 per Offer Share, HK$0.52 based on an Offer Price of HK$2.60 per Offer Share and HK$0.44 based on an Offer Price after a Downward Offer Price Adjustment of HK$1.89 per Offer Share, respectively. For further details, please refer to "Appendix IIA — Unaudited Pro Forma Financial Information" in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK$2.35 per Offer Share, being the mid-point of the Offer Price range between HK$2.10 and HK$2.60 and assuming that the Over-allotment Option is not exercised at all, we estimate that net proceeds of approximately HK$87.9 million will be received from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds from the Global Offering as follows:

Use of proceeds	% of net proceeds (approximate)	Amount of net proceeds in HK$ million (approximate)
Capturing a larger market share through organic growth	**20.4**	**17.9**
• Satisfying our capital requirements for a larger inventory	15.0	13.2
• Meeting expenses in connection with establishment of three new retail stores	5.4	4.7

Use of proceeds	% of net proceeds (approximate)	Amount of net proceeds in HK$ million (approximate)
Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations	**7.1**	**6.2**
• Upgrading and maintaining our relevant IT systems	2.1	1.8
• Covering the operational expenses in our online marketplace operations	5.0	4.4
Expanding our services to customers in the PRC and, in particular, the Greater Bay Area	**8.6**	**7.6**
• Supporting the scaling up of our cross-border e-commerce business operation	3.4	3.0
• Making specific marketing efforts directed towards consumers in the Greater Bay Area	5.2	4.6
Strengthening our supply chain capabilities	**9.2**	**8.1**
• Meeting expenses in connection with establishment of an additional warehouse	5.0	4.4
• Meeting expenses in connection with upgrade, development and maintenance of relevant IT systems	2.2	1.9
• Improving our fulfilment and service capabilities	2.0	1.8
Further investing in brand management and marketing to increase mass awareness of our group and the effectiveness of our marketing activities	**11.8**	**10.4**
Expanding our teams of staff in support of our business strategies	**19.2**	**16.9**
Acquiring companies in e-commerce-related industries	**13.7**	**12.0**
General working capital	**10.0**	**8.8**

For further details, please refer to "Future Plans and Use of Proceeds" in this prospectus.

LOSS ESTIMATE FOR THE YEAR ENDED 31 MARCH 2022

Our Directors estimate that, on the bases set out in Appendix IIB to this prospectus, and in the absence of unforeseen circumstances, the estimated consolidated loss attributable to owners of our Company for the year ended 31 March 2022 is as follows:

Estimated consolidated loss attributable to owners of our Company for the year ended 31 March 2022 *(Note)*	Not more than HK$0.4 million
Unaudited pro forma estimated loss per Share *(Note)*	Not more than HK$0.0009

Note: For the bases and calculation method of the loss estimate, please refer to the paragraph headed "Financial Information — Loss estimate for the year ended 31 March 2022" in this prospectus.

LISTING EXPENSES

Assuming the Over-allotment Option is not exercised, the listing expenses in connection with the Listing, which include (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately HK$5.9 million, (ii) professional fees and expenses of legal advisors and reporting accountant of approximately HK$20.0 million and (iii) other fees and expenses, including fees to the Sole Sponsor, financial printer and other professional parties, of approximately HK$15.5 million, assuming an Offer Price of HK$2.35 per Offer Share, being the mid-point of the proposed Offer Price range, are estimated to be approximately HK$41.4 million, which are estimated to represent 32.0% of the gross proceeds from the Global Offering. As at 30 November 2021, we have incurred HK$21.0 million of Listing expenses for the Global Offering, of which HK$16.1 million was charged to our consolidated statements of profit or loss and other comprehensive income and HK$4.9 million was recorded as deferred issue costs in the consolidated statements of financial position and will be accounted for as a deduction from our equity upon the Listing. We estimate that an additional Listing expenses of HK$20.4 million, will be further incurred by us, of which HK$15.9 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and HK$4.5 million is expected to be charged against equity upon the Listing.

Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. **Prospective investors should note that the financial performance and net profit of our Group for FY21/22 would be materially and adversely affected by the listing expenses mentioned above.**

COMPLIANCE

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident of material importance involving our Group.

LITIGATION

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to our Directors to be pending or threatened against any member of our Group.

RISK FACTORS

There are certain risks involved in our operations which may be beyond our control. These risks are further described in "Risk Factors" in this prospectus. You should read the entire section carefully before deciding whether to invest in the Offer Shares. The major risks faced by us include the following: (i) we face significant competition in our business and our profitability and prospects for future growth depend on our ability to compete effectively with the other competitors; (ii) our business depends on our ability to maintain existing and attract new customers; (iii) our business depends on a strong brand, which we might not be able to maintain or enhance; (iv) we may not be able to execute our strategies effectively which may materially and adversely affect our business and prospects; (v) if we fail to keep up with the rapidly changing technology to successfully introduce new products, our competitive position and ability to generate revenue and growth could be affected; (vi) we may not be able to sustain the revenue growth we achieved during the Track Record Period and our gross profit margins may continue to decrease; and (vii) Consumer Electronics and Home Appliances account for substantially all of our revenue, and any decrease in such sales or any increase in the costs associated with such sales may materially and adversely affect our business.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"8M20/21"	the eight months ended 30 November 2020
"8M21/22"	the eight months ended 30 November 2021
"Accountants' Report"	the accountants' report in respect of our Group for the Track Record Period set forth in Appendix I to this prospectus
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 20 May 2022 with effect from the Listing Date, as amended from time to time, a summary of which is set forth in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Banking Ordinance"	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Beyond Ventures"	Beyond Ventures I Fund L.P., which is an exempted limited partnership registered in the Cayman Islands on 19 July 2017 with Beyond I Capital Limited as its general partner, and an Independent Third Party. The details of Beyond Ventures are set forth in "History, Reorganisation and Corporate Structure — Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle" in this prospectus. Beyond Ventures is one of the selected venture capital funds under the ITVF Scheme
"Beyond Ventures Vehicle"	Biz Cloud Investments Limited, a company incorporated in the BVI on 8 November 2018 and is wholly-owned by Beyond Ventures, and is one of the Pre-IPO Investors
"Board"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong

"BVI"	the British Virgin Islands
"Capitalisation Issue"	the allotment and issue of 247,773,777 new Shares to be made upon the capitalisation of a certain amount standing to the credit of the share premium account of our Company referred to in "Appendix IV — Statutory and General Information — Further Information about Our Group — 3. Resolutions in writing of our Shareholders passed on 20 May 2022" in this prospectus
"Cayman Islands Companies Act" or "Companies Act"	the Companies Act Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"**CCASS EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Center by completing an input request
"CCASS Investor Participant"	a person or persons admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation

"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Cheung Sha Wan Flagship Store"	our offline retail store located in the Cheung Sha Wan District, the current address of which is at 1st and 2nd Floor of Commercial Block 2, Lai Kok Estate, No. 12 Tonkin Street, Sham Shui Po, Kowloon, Hong Kong
"China" or "PRC"	the People's Republic of China and, for the sole purpose of this prospectus, excludes Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed to it in the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance" or "Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Yoho Group Holdings Limited (友和集團控股有限公司), an exempted company incorporated in the Cayman Islands on 13 April 2021 with limited liability
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it in the Listing Rules
"Consumer Electronics and Home Appliances"	include our products under the categories of consumer electronics, beauty and health electronic products, home appliances, computers and peripherals and lifestyle products, the majority of which are, by nature, electronic devices intended for everyday use, typically in private homes
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and, in the context of our Company, means Mr. Wu, Ms. Tsui, The Mearas Venture, The Wings Venture and Yo Cheers (BVI)
"core connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules

"COVID-19"	the coronavirus disease 2019
"Deed of Indemnity"	the deed of indemnity dated 18 May 2022 and executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in "Appendix IV — Statutory and General Information — E. Other Information — 2. Tax and other indemnities" in this prospectus
"Deed of Non-competition"	a deed of non-competition dated 18 May 2022 entered into between our Company (for ourselves and as trustee for and on behalf of our subsidiaries) and each of the Controlling Shareholders, particulars of which are set out in "Relationship with our Controlling Shareholders — Deed of Non-competition" in this prospectus
"Director(s)"	the director(s) of our Company
"Double 11 Shopping Festival"	the online shopping promotion event held on 11 November
"Downward Offer Price Adjustment"	an adjustment that has the effect of setting the final Offer Price up to 10% below HK$2.10 (being the bottom end of the indicative Offer Price range)
"Executive Director(s)"	the executive director(s) of our Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"F&S Report"	the independent market research report prepared by F&S for the purpose of the Listing
"Financial Adviser"	Wings Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the adviser appointed by our Group in connection with the Listing and the Global Offering
"Frost & Sullivan" or "F&S"	Frost & Sullivan Limited, an independent industry consultant engaged by our Company
"FY[X]/[Y]"	the financial year ended or ending (as the case may be) on 31 March of the year Y. For example, "FY20/21" refers to the year ended 31 March 2021.

"Global Offering"	the Hong Kong Public Offering and the International Offering
"Globiz"	Globiz Company (Hong Kong) Limited (環商國際(香港)有限公司), a company incorporated in Hong Kong with limited liability on 6 August 2008, and an indirect wholly-owned subsidiary of our Company
"Greater Bay Area"	the Guangdong-Hong Kong-Macao Greater Bay Area, which comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province
"**GREEN** Application Form(s)" or "Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company
"Group", "our Group", "we", "us" or "our"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company's subsidiaries at the relevant time, and/or (as the case may be) their predecessors
"HK$", "HKD" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider as designated by our Company as specified in the **IPO App** or the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong Offer Shares"	the 5,500,000 new Shares initially being offered by our Company for subscription under the Hong Kong Public Offering, representing 10% of the initial number of the Offer Shares, subject to any adjustment or re-allocation as described in "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) and subject to the terms and conditions described in this prospectus and the **GREEN** Application Form(s)
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 25 May 2022 relating to the Hong Kong Public Offering entered into between, amongst others, our Company, our Executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters, the particulars of which are set forth in "Underwriting" in this prospectus
"Independent Non-executive Director(s)"	the independent non-executive director(s) of our Company
"Independent Third Party(ies)"	individual(s) or company(ies) who/which, to the best of the knowledge, information and belief of our Directors having made due and careful enquiries, is(are) not connected person(s) of our Company
"International Offer Shares"	the 49,500,000 new Shares initially being offered by our Company for subscription under the International Offering, representing 90% of the initial number of the Offer Shares, subject to any adjustment or re-allocation, and together, where relevant, with any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option as further described in "Structure of the Global Offering" in this prospectus

"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters for and on behalf of our Company to professional, institutional and other investors at the Offer Price outside of the United State in offshore transactions in reliance on Regulation S, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering, which is expected to be entered into on or before the Price Determination Date by, among others, our Company, our Executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"ITVF Scheme"	the Innovation and Technology Venture Fund, a HK$2 billion fund set up by the Hong Kong government in 2017 with a view to attracting more private investment from venture capital funds to invest in local innovation and technology start-ups and creating a more vibrant innovation and technology ecosystem in Hong Kong
"ITVFC"	The Innovation and Technology Venture Fund Corporation, a limited company incorporated in Hong Kong on 3 February 2017. It is a special-purpose vehicle set up by the Hong Kong government to facilitate control and administration of the ITVF Scheme and to co-invest with selected venture capital funds in eligible local innovation and technology start-ups at a matching investment ratio of approximately 1 (ITVFC):2 (selected venture capital fund). ITVFC is an Independent Third Party

"Kwun Tong Store"	our offline retail store located in the Kwun Tong District, the current address of which is at Shop A and B on 2/F Eastcore, Nos.398-402 Kwun Tong Road, Kowloon, Hong Kong
"Latest Practicable Date"	17 May 2022, being the latest practicable date for ascertaining certain information referred to in this prospectus prior to its publication
"Legal Counsel"	Ms. Queenie W.S. Ng, barrister-at-law of Hong Kong, who is an Independent Third Party
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	the date, expected to be on or around Friday, 10 June 2022, on which our Shares are listed and dealings in our Shares commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
"Macau"	the Macao Special Administrative Region of the People's Republic of China
"Main Board"	the Main Board of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company adopted on 20 May 2022 with effect from the Listing Date, as supplemented, amended or otherwise modified from time to time, a summary of which is set forth in Appendix III to this prospectus
"Mr. Wu"	Mr. Wu Faat Chi, one of our Executive Directors, one of our Controlling Shareholders, our Chief Executive Officer and the spouse of Ms. Tsui
"Ms. Tsui"	Ms. Tsui Ka Wing, one of our Executive Directors, one of our Controlling Shareholders, our Chief Operating Officer and the spouse of Mr. Wu
"Nomination Committee"	the nomination committee of the Board
"Non-executive Director(s)"	the non-executive director(s) of our Company

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%) which is expected to be not more than HK$2.60 per Offer Share and not less than HK$2.10 per Offer Share (subject to any Downward Offer Price Adjustment), to be agreed by us and the Sole Global Coordinator (acting for itself and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be issued pursuant to the exercise of the Over-allotment Option
"Optimal Equity"	Optimal Equity Limited, a company incorporated in Hong Kong with limited liability on 18 December 2020 and is owned as to 53% by Mr. Wu, 39% by Mr. Wong Ka Hing and 8% by Mr. Lee Tsz Kin. Mr. Wong Ka Hing and Mr. Lee Tsz Kin are Independent Third Parties
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement at any time within the period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 8,250,000 additional new Shares (representing 15% of the initial number of the Offer Shares) to cover over-allocations in the International Offering, if any, as further described in "Structure of the Global Offering" in this prospectus
"Pre-IPO Investors"	Beyond Ventures Vehicle, ITVFC, Welight Innovation L.P., Mr. Szeto Chi Yan Stanley, Ms. Chiang Lai Ling and the 2021 Pre-IPO Investors
"Price Determination Agreement"	the agreement to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date, expected to be on or about Wednesday, 1 June 2022, on which the Offer Price will be determined and, in any event, no later than Sunday, 5 June 2022
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the reorganisation of our Group in preparation of the Listing, details of which are set forth in "History, Reorganisation and Corporate Structure" in this prospectus
"Reward Scheme Platform(s)"	online redemption platform(s) of third-party reward scheme(s)
"Securities and Futures (Price Stabilizing) Rules"	the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Series A Preferred Share(s)"	series A convertible preferred share(s) of our Company with a par value of US$0.0001 each, which will automatically convert into the Shares on an one-to-one basis upon the Listing
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a par value of US$0.0001 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 20 May 2022, a summary of the principal terms of which is set forth in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus

"Shareholder(s)"	holder(s) of the Share(s)
"Sole Global Coordinator"	CMBC Securities Company Limited
"Sole Sponsor"	CMBC International Capital Limited, a corporation licenced to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor appointed by our Group in connection with the Listing
"Stabilising Manager"	CMBC Securities Company Limited
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between The Mearas Venture and the Stabilising Manager on or about the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"The Mearas Venture"	The Mearas Venture Limited, a business company with limited liability incorporated in the BVI on 14 April 2021, which is wholly-owned by Mr. Wu, and one of our Controlling Shareholders
"The Wings Venture"	The Wings Venture Limited, a business company with limited liability incorporated in the BVI on 14 April 2021, which is wholly-owned by Ms. Tsui, and one of our Controlling Shareholders
"Track Record Period"	the period comprising the three financial years ended 31 March 2021 and 8M21/22
"U.S. Securities Act"	the United States Securities Act of 1933 (as amended from time to time)
"Underwriters"	the International Underwriters and the Hong Kong Underwriters

"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"United States", "U.S." or "US"	the United States of America
"US$", "USD" or "US dollar(s)"	United States dollars, the lawful currency of the United States
"Withdrawal Mechanism"	a mechanism which requires our Company, among other things, to (i) issue a supplemental prospectus as a result of material changes in the information (such as the Offer Price) in this prospectus; and (ii) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for Shares despite the changes)
"Yo Cheers (BVI)"	Yo Cheers (BVI) Limited, a company incorporated in the BVI as a BVI business company on 7 May 2021 and wholly-owned by Ms. Tsui, and one of our Controlling Shareholders
"Yoho BVI"	Yoho Holdings (BVI) Limited, a BVI business company incorporated in the BVI on 17 March 2021, and a direct wholly-owned subsidiary of our Company
"Yoho E-Commerce"	Yoho E-Commerce Holdings Limited (友和電商控股有限公司) (formerly known as Yoho Group Holding Limited), a company incorporated in Hong Kong with limited liability on 3 October 2018, and an indirect wholly-owned subsidiary of our Company
"Yoho E-commerce Platform"	our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version)
"Yoho OMO Business"	our retail business which adopts the OMO model and comprises the following retail sales channels under the B2C model: (i) online B2C sales through the Yoho E-commerce Platform (both desktop version and mobile version); (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores, i.e. the Kwun Tong Store and the Cheung Sha Wan Flagship Store

"Yoho Retail"	Yoho Hong Kong Limited (友和香港有限公司), a company incorporated in Hong Kong with limited liability on 20 February 2014, and an indirect wholly-owned subsidiary of our Company
"2021 Pre-IPO Existing Shares Investors"	(1) iClick Interactive Asia Limited; (2) Sweetie Well Global Investment Limited; (3) Mr. Tsang Wing Fung; (4) Ms. Tao Mei Shan Lisa; (5) Mr. Man Lap (one of our Non-executive Directors); (6) Mr. Yeung Sheng Wu Danny; and (7) Royce City (MHT) Limited
"2021 Pre-IPO Investors"	2021 Pre-IPO New Shares Investors and 2021 Pre-IPO Existing Shares Investors
"2021 Pre-IPO New Shares Investors"	(1) Japan Home Centre (Management) Ltd; (2) Method King Limited; (3) Triple Gold Enterprise Limited; (4) Cell Rising Capital (BVI) Limited; (5) EVO Fund; (6) Wealth Power Asia Investment Ltd; (7) Ms. Chiu Wing Kwan Winnie; (8) Ms. Chiu Jennifer Wendy; (9) Mr. Hoong Cheong Thard; (10) Mr. Adamczyk Alexis Thomas David (one of our Non-executive Directors); (11) Mr. Rondouin Hugues Louis Gabriel; (12) Ms. Lam Suk Ling Shirley; (13) Infinity Evergreen Limited; (14) Mr. Chiu Ka Kui Kenneth; (15) Mr. Leung Hon Fai Kevin; (16) Mr. Tsoi Yiu Ting; (17) Mr. Wu Arthur; (18) Mr. Wu Shang Hong Jason; (19) Ms. Li Ying; (20) Ms. Geffner Xin Yue Jasmine; and (21) Ms. Shi Huiting
"%"	per cent

Unless expressly stated or otherwise required by the context, all data are as at the Latest Practicable Date.

This glossary contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings as set forth below may or may not correspond to the standard industry meaning or usage of those terms.

"active customer(s)"	customer(s) who had each made one or more purchase(s) from us during the specified period of time
"active user(s)"	unique user(s) who had initiated one or more session(s) on the Yoho E-commerce Platform during the specified period of time
"B2B"	the acronym for business-to-business
"B2B2C"	the acronym for business-to-business-to-consumer
"B2C"	the acronym for business-to-consumer
"basket value"	a dollar amount which is calculated by dividing our GMV for the specified period of time by the number of orders completed during that period of time
"CAGR"	the acronym for compound annual growth rate
"e-commerce"	electronic commerce, which refers to a business or commercial transaction that involves the sale and purchase of products or services over the Internet
"GFA"	the acronym for gross floor area
"GMV"	the acronym for gross merchandise value, which is equivalent to the total gross sales dollar value of all relevant orders completed during the specified period of time, before deductions for discounts offered by us and set-offs by virtue of conversion of membership points
"IT"	the acronym for information technology
"number of completed orders"	includes orders placed by our registered members with us on the Yoho E-commerce Platform, orders made by our customers at our retail stores, and orders from consumers received via Reward Scheme Platforms and third-party online marketplaces that had been completed during the specified period of time

"OMO"	the acronym for online-merge-offline, a business model adopted by companies with established presence in both physical store(s) and online store(s) which integrates online commerce and offline commerce to foster and provide to end customers an interdependent purchase experience
"online marketplace(s)"	online platform(s) which facilitate(s) transactions between third-party manufacturers, suppliers or distributors and customers and receive(s) commissions from sellers, and also create(s) revenue by offering other value-added services
"registered member(s)"	individual(s) who has(have) enrolled as a "registered member" through the Yoho E-commerce Platform (as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she/they wish(es))
"repeat customer(s)"	registered member(s) who, before making purchases during the specified period of time, had completed purchases from us previously (whether during that period of time or before) since the inception of the Yoho OMO Business
"revenue contributed by repeat customers"	the total net sales dollar value of all merchandise sold to our repeat customers during the specified period of time
"SKU"	the acronym for "stock keeping unit", the unique identifier for each distinct form in which a product can be purchased
"sq. ft."	square foot (feet)

This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, belief, expectations or intentions for the future, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "ought to", "plan", "potential", "project", "seek", "should", "will", "would" and other similar terms. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements include, but not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our planned use of proceeds;
- our operations, business and financial prospects, including development plans for our business and future cash flows;
- our capital commitment plans;
- our future debt levels and capital needs;
- the future developments and competitive environment of the industry and markets in which we operate;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- relationships with parties we contract and collaborate with to conduct our business;
- risks identified under the section headed "Risk factors" in this prospectus;
- general economic trends; and
- other statements in this prospectus that are not historical facts.

The words "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "ought to", "plan", "potential", "project", "seek", "should", "will", "would" and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Please refer to the sections headed "Risk Factors", "Business" and "Financial Information" in this prospectus for more details.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Since we operate in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events.

Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies (WUMP) Ordinance.

WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WUMP) ORDINANCE

Requirements under Rule 4.04(1) of the Listing Rules and section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule and section 342A(1) to the Companies (WUMP) Ordinance

Rule 4.04(1) of the Listing Rules requires that the consolidated results of a listing applicant and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the accountants' report to the prospectus.

Section 342(1) of the Companies (WUMP) Ordinance provides that, subject to section 342A of Companies (WUMP) Ordinance, it shall not be lawful for any person to issue, circulate or distribute in Hong Kong any prospectus offering for subscription or purchase shares in a company incorporated outside Hong Kong unless, among other things, the prospectus states the matters specified in Part I of the Third Schedule to the Companies (WUMP) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (WUMP) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (WUMP) Ordinance, a listing applicant is required to include in the prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of the prospectus.

According to paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance, a listing applicant is required to include in the prospectus a report by auditors of the listing applicant with respect to the profits and losses for and the assets and liabilities at the last day of each of the three financial years immediately preceding the issue of the prospectus.

Pursuant to section 342A(1) of the Companies (WUMP) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (WUMP) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Application for waiver

This prospectus contains the consolidated results of our Group for the three years ended 31 March 2021 and the eight months ended 30 November 2021, but does not include the consolidated results of our Group in respect of the full financial year immediately preceding the issue of this prospectus, being the full financial year ended 31 March 2022, as required under Rule 4.04(1) of the Listing Rules and section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance. In light of that, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 4.04(1) of the Listing Rules, by permitting the non-inclusion of the consolidated results of our Group for the full year ended 31 March 2022, subject to the following conditions:

(a) this prospectus will be issued on or before 26 May 2022 and the Shares will be listed on the Stock Exchange on or before 30 June 2022;

(b) our Company has obtained a certificate of exemption from compliance with section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance from the SFC;

(c) a loss estimate for the year ended 31 March 2022 (which must comply with Rules 11.17 to 11.19 of the Listing Rules) is included in this prospectus so that the investing public would be given some guidance as to our financial performance for the year ended 31 March 2022;

(d) a Directors' statement that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from 1 December 2021 to 31 March 2022 be included in this prospectus; and

(e) the particulars of the waiver and exemption are set out in this prospectus.

We have also applied for, and the SFC has granted us, a certificate of exemption under section 342A(1) of the Companies (WUMP) Ordinance from strict compliance with section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance on the conditions that: (a) the particulars of the exemption are set out in this prospectus; (b) this prospectus will be issued on or before 26 May 2022; and (c) the Shares will be listed on the Stock Exchange on or before 30 June 2022, i.e. three months after the latest financial year end of our Company.

Waiver and exemption

The applications to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance were made on grounds that the strict compliance with the requirements thereunder would be unduly burdensome and the waiver and exemption thereof would not prejudice the interest of the investing public for the following reasons:

1. ***No material adverse change in the financial and trading positions or prospect of our Group***

The Accountants' Report is made up to 30 November 2021. Our Directors confirm that, after performing sufficient due diligence work, they consider that there has been no material adverse change in the financial and trading positions or prospect of our Group since 30 November 2021 up to the date of this prospectus and that there is no event which would materially affect the information contained in the Accountants' Report and the loss estimate for the year ended 30 November 2021 after considering the following:

(A) Continuous revenue growth in FY21/22 and the subsequent financial year

(a) It is estimated that our revenue has further increased significantly for FY21/22 and the subsequent financial year, mainly attributable to (i) a solid revenue growth throughout the Track Record Period; (ii) a leading marketing position established by our Group, whereby our Group ranked first among all e-commerce platforms with a primary focus on Consumer Electronic and Home Appliances in Hong Kong (in terms of website traffic) for FY20/21; (iii) a favourable business environment in Hong Kong, driven by the growing consumer preference towards online shopping, emergence of local online retail platforms, improvement of delivery and fulfilment process as well as advancement of online payment system; (iv) the implementation of a new round of consumption voucher scheme ("**CVS**") under which consumption vouchers with a total value of HK$10,000 will be disbursed to each eligible resident in Hong Kong; and (v) the multiple growth strategies continuously implemented by our Group, including our proactive market share acquisition strategy by widening our products portfolio; increasing marketing activities; utilisation of the net proceeds from the Listing as capital to procure more merchandise across a wider inventory portfolio; setting up more offline retail stores and launch of the marketplace operations.

(b) Subsequent to the Track Record Period, it is estimated that our Group has achieved an increase of approximately 25.3% in revenue for the four months ended 31 March 2022 as compared with the corresponding period of the prior financial year.

(B) Stabilisation of our gross profit margin in FY21/22

Our Group's gross profit margin has been stabilised at around 15.0% since January 2021, primarily due to the facts that:

(a) sales of the popular major brand products increased rapidly immediately after their introduction; after the sales of these products have reached a relatively high level, the growth has slowed down due to the high base effect. Therefore, it is observed that the growth rate of sales of such products carrying low profit margins in our Group's product portfolio (the "**low-GPM products**") has become more comparable with the growth rate of sales of our Group's other products which carry higher gross profit margins since FY20/21, thereby resulting in the stabilisation of the overall gross profit margin at around 15%;

(b) our Group has established stable business relationships with our suppliers, and become able to procure certain low-GPM products from either the brand owners themselves or their first-tier distributors directly given the larger purchase quantity, which led to increases in gross profit margins for those low-GPM products;

(c) other than in April and May 2021 when fierce market competition was initiated by other market players, the market condition has been relatively stable and it has not been necessary for our Group to adopt highly aggressive pricing strategies, thereby allowing our Group to maintain our profit margins;

(d) due to our Group's leading market position and increased purchase quantity, our Group has become able to achieve economies of scale and procure products at lower costs with stronger bargaining power vis-à-vis our suppliers; and

(e) subsequent to the Track Record Period, it is estimated that our Group has recorded a gross profit margin of approximately 16.4% for the four months ended 31 March 2022, which has increased when compared with the gross profit margin of 15.0% for 8M21/22.

Based on the due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor for it to cast doubt on the views of our Directors expressed above.

2. ***Exemption would not prejudice the interests of the investing public***

In view of the reasons above, our Directors and the Sole Sponsor consider that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus. In these circumstances, an exemption from compliance would not prejudice the interests of the investing public.

3. ***Strict compliance with section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance and Rule 4.04(1) of the Listing Rules would be unduly burdensome***

If the financial information of our Group is required to be audited up to 31 March 2022, it would be unduly burdensome to us as we and the reporting accountants would have to undertake a considerable amount of work and expenses to prepare, update and finalise the Accountants' Report to cover such additional period for the inclusion in this prospectus which is expected to commence bulk-printing on or around 24 May 2022 within a short period of time and it is expected that such additional financial information cannot be finalised until June 2022. It would not be possible for the audited results for the year ended 31 March 2022 to be finalised within two month after the financial year end. If the full financial year results for FY21/22 are to be included, there would be a significant delay in the listing timetable. Our Directors consider that the benefits of such work to the prospective investors may not justify the additional work and expenses involved and the delay in the listing timetable, given that (i) it is expected that there would be no material adverse change in the financial position of our Group since 30 November 2021, being the last day of the period reported on by Deloitte Touche Tohmatsu, our reporting accountants, which is not otherwise disclosed in this prospectus and (ii) this prospectus has included a loss estimate for the year ended 31 March 2022 (which would comply with Rules 11.17 to 11.19 of the Listing Rules).

4. ***Publication of annual results and annual report***

We shall publish our annual results and annual report within the time prescribed under Rules 13.49(1) and 13.46(2) of the Listing Rules, respectively. As such, the investing public will have access to the annual results of our Group for the financial year ended 31 March 2022 no later than 30 June 2022.

Directors' confirmation

Our Directors further confirm:

(a) that there has been no material adverse change to the financial and trading positions or prospect of our Group since 30 November 2021 (being the date of which the latest audited consolidated financial statement of our Group were made up) and up to the date of this prospectus;

(b) that all information necessary for the public to make an informed assessment of the activities, assets and liabilities, financial position, management and prospect of our Company has been included in this prospectus and that, as such, the waiver granted by the Stock Exchange and the certificate of exemption granted by the SFC from strict compliance with Rule 4.04(1) of the Listing Rules and section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance, respectively, will not prejudice the interest of the investing public; and

(c) that our Company will comply with Rules 13.49(1) and 13.46(2) of the Listing Rules in respect of the publication of annual results and annual report for the year ended 31 March 2022.

Prospective investors should carefully consider all the information set out in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to our Company. The occurrence of any of the following events may have a material adverse effect on our business, results of operations, financial conditions and prospects. The trading price of the Shares could decline due to any of these risks.

RISKS RELATING TO OUR GROUP AND OUR BUSINESS AND THE INDUSTRY

We face significant competition in our business and our profitability and prospects for future growth depend on our ability to compete effectively with the other competitors

In the e-commerce business we compete with our competitors for customer orders and brand owners who supply their goods for us to sell. According to the F&S Report, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21. However, e-commerce market in Hong Kong is fragmented and highly competitive with a large number of market players (i.e. over 7,500 market players as at 31 March 2021). Market players compete with each other in a specific market segment or multiple market segments. There are a number of well-established competitors with substantial financial, technical, marketing and other resources in the e-commerce markets in which we operate. Our current or potential competitors include major online retailers in Hong Kong and the PRC that offer a wide range of general or fashionable merchandise product categories, major traditional retailers that are moving into online retailing, major traditional retailers with both physical and online retail stores and wholesale customers (i.e. other retailers and trading companies) selling similar products. Additional competitors may enter the industry of e-commerce in the future and less competitive companies in the market are likely to be gradually eliminated. Please see "Business — Competitions" in this prospectus for further details.

Our major competitors are major online retailers and major traditional retailers and trading companies selling similar products with or without online retail stores in Hong Kong. They may have a competitive edge with respect to, among others, operational costs due to their operational experiences, greater brand recognition, better supplier, customer and potential business partner relationships, and knowledge of our target markets. Such companies may be able to adapt more quickly to market changes, technological development or customer demand or respond better to market opportunities. Our failure to compete effectively by adapting to the changing market conditions may have an adverse impact on our business and financial position. In addition, some of our competitors may be able to secure more favourable terms from brand owners, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to their websites, mobile apps and systems development than us.

Moreover, since there is no pricing guideline or restrictions set on products in the free market, some of our competitors may attract more customers by offering similar, if not, same products at a lower price.

We cannot assure you that we will be able to compete successfully against current or future competitors and maintain our current market position in the e-commerce market of Consumer Electronics and Home Appliances in Hong Kong. The competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

We may face significant competition in our business with e-commerce players expanding into the Consumer Electronics and Home Appliances segment

E-commerce market in Hong Kong is fragmented and highly competitive with a large number of market players (i.e. over 7,500 market players as at 31 March 2021). Market players compete with each other in a specific market segment or multiple market segments. Our current or potential competitors may expand into other market segments, including the Consumer Electronics and Home Appliances segment, and compete with us.

We cannot assure you that we will be able to compete successfully against current or future competitors expanding into the Consumer Electronics and Home Appliances segment and maintain our current market position in the e-commerce market of Consumer Electronics and Home Appliances in Hong Kong. Stiffer competition may have a material and adverse effect on our business, financial condition and results of operations.

Our business depends on our ability to maintain existing and attract new customers

The E-commerce industry is subject to changing consumer preferences and industry conditions, in particular for our core product categories of Consumer Electronics and Home Appliances. Our future growth depends on our ability to attract existing and new visitors to the Yoho E-commerce Platform and social media platforms to order new purchases from the Yoho E-commerce Platform. Constantly changing product trends and consumer preferences have affected and will continue to affect our business. To maintain our attractiveness, Yoho E-commerce Platform and our social media platforms are constantly updated to provide a balanced assortment of goods satisfying the customer demands timely and cost-effectively. If we fail to update the Yoho E-commerce Platform and social media platforms regularly, readers may lose interest in our online platforms and may not return again to look for information on new products.

We attempt to analyse visitors' and online shoppers' preference using data and determine our product selection and marketing strategy accordingly. Our procurement team ascertain the prevailing market trends and consumers' needs through market researches and analyses by, for example, studying market reports, attending trade shows and exhibitions, visiting other e-commerce portals and social media platforms and analysing the data sets amassed from our customers' online and offline purchase behaviours. We cannot guarantee that our prediction on market trends and consumer needs could be accurate. If our prediction deviates from the consumers' actual preference, our sales may be adversely affected.

Further, if there are any defects in our data analytic model, our prediction on market trends and consumer needs may not be accurate. With regard to the accuracy of our data, we rely on the information provided by our customers, information obtained by monitoring our customers' purchase behaviours as well as publicly available information. We may not be able to verify the authenticity of all such data. If the information that we collect is materially inaccurate or false, this may also adversely affect our prediction on market trends and consumer needs as well as our business implementation and monetisation strategies.

We must stay abreast of constantly changing market trends and consumer needs and anticipate product trends that will appeal to existing and new visitors and online shoppers, and any failure to identify and respond to such trends could result in decreased number of visitors and online shoppers and reduced attractiveness of the Yoho E-commerce Platform as a marketing platform for advertisers. This may in turn lead to significant adverse effects on our business, financial condition and results of operations.

Our business depends on a strong brand, which we might not be able to maintain or enhance

We believe that our brand under which we operate has significantly contributed to the growth of our business. Our Directors believe that the strong awareness of the our brand contributes to higher traffic on the Yoho E-commerce Platform and lower marketing costs, and maintaining and enhancing our brand is critical to expanding and retaining our base of visitors, customers and suppliers.

Customer complaints or negative publicity about the Yoho E-commerce Platform, products, delivery times, product returns procedures, customer data handling and security practices, or poor quality of the Yoho E-commerce Platform and social media platforms could have a significant negative impact on our reputation and on the popularity of the Yoho E-commerce Platform. In particular, there may be hostile and unfounded negative reviews or feedbacks on our products or customer services published by the public which could have a significant negative impact on our reputation and on the popularity of the Yoho E-commerce Platform. If our public image or reputation is tarnished by any negative publicity, our brand may be adversely affected. We cannot guarantee that customer complaints or negative publicity, reviews or feedbacks about our business or our brand will not occur in the future and serious damage to our brand, public image, reputation and business may follow as a result. If we are unable to maintain or enhance our brand image, or if our brand image is damaged by negative publicity, this could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to execute our strategies effectively which may materially and adversely affect our business and prospects

To continue to expand our business and increase our market share, and to further the accomplishment of our business objectives, we plan to implement the strategies as stated in the "Business — Business Strategies" in this prospectus. The implementation of the said strategies will require significant managerial, financial and human resources. However, we cannot assure you that we will be able to have all the managerial, financial and human resources required to execute any of such strategies for business optimisation and expansion successfully, nor the application of our net proceeds from the Global Offering for the corresponding strategies will expand our business, increase our market share and further the accomplishment of our business objectives successfully. If we are not able to execute our business strategies effectively, or at all, our business, financial condition and results of operations may be adversely affected.

If we fail to keep up with the rapidly changing technology to successfully introduce new products, our competitive position and ability to generate revenue and growth could be affected

E-commerce is a fast changing and evolving platform. Our success depends on our ability to adapt to rapidly changing technologies and to enhance the quality of our existing products. We may experience difficulties that could delay or prevent the successful introduction or marketing of our new products. Any new product we introduce will need to meet the preferences of our existing and potential customers. If we fail to keep pace with changing technologies and to introduce successful and well-accepted products for our existing or potential customers, we could lose our customers and our revenue and growth could be adversely affected.

We may not be able to sustain the revenue growth we achieved during the Track Record Period and our gross profit margins may continue to decrease

For the FY18/19, FY19/20, FY20/21 and 8M21/22, our revenue were approximately HK$135.4 million, HK$260.0 million, HK$523.0 million and HK$496.7 million respectively whereas our revenue growth are 92.0%, 101.2% and 71.9%, for FY19/20, FY20/21 and 8M20/21 to 8M21/22. For the same period, our gross profit margins are 24.3%, 20.5%, 17.4% and 15.0%, respectively. The major factors affecting our financial conditions and results of operations include, among other things, industry competition and our ability to remain competitive. For details of our revenue, profit margins and factors affecting our financial conditions and results of operations, please see "Financial Information — Description of Certain Line Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue", "Financial Information — Description of Certain Line Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit" and "Financial Information — Factors Affecting Our Financial Results" in this prospectus. It has been our strategy to broaden our product offerings to meet the market demands notwithstanding that some of these newly-introduced products, especially those popular products of major brands, may have relatively lower profit margins. As the gross profit margin of each product is affected by, among others, market competition, consumers' preference, our relationship with the relevant supplier and availability of stock, any change in the product mix of our Group may result in fluctuation in our Group's overall gross profit margin thereby affecting our profitability. We cannot guarantee that we will be able to procure and offer products with relatively higher demand from our customers despite the value-adding marketing and distribution functions that we performed for our suppliers. We cannot guarantee that strategical relationship between our suppliers with us and our bargaining power in negotiating for more favourable terms in relation to the procurement of products from the suppliers can be maintained. We cannot guarantee that we will be able to maintain our competitiveness in the industry, implement our business strategies effectively to improve our profitability going forward and hence maintain the revenue growth of our products in the future. We also cannot guarantee that the gross profit margins will not continue to decrease in the future. Should we fail to maintain our competitiveness in the industry, implement our business strategies effectively to improve our profitability going forward and hence maintain our revenue growth and gross profit margins continue to decrease in the future, our business, financial condition and results of operation may be adversely affected.

Consumer Electronics and Home Appliances account for substantially all of our revenue, and any decrease in such sales or any increase in the costs associated with such sales may materially and adversely affect our business

A majority of our revenue over the Track Record Period was derived from the provision of Consumer Electronics and Home Appliances. For the Track Record Period, our sale of Consumer Electronics and Home Appliances contributed substantially all of our total revenues and gross profit. It is likely that we will continue to heavily rely on providing Consumer Electronics and Home Appliances for a significant portion of our revenues. A decrease in the revenue of our sale of Consumer Electronics and Home Appliances or their prices or material quality issues concerning our Consumer Electronics and Home Appliances may materially and adversely affect our business, financial condition and operating results. Any change in market trends or consumers' preferences of these products, such as the increase in demand for products of relatively lower profit margin, or any increase in the product costs of these products may also adversely affect our profitability and operating results.

Incidents of counterfeit products could adversely affect the demand of our products, our brand, reputation and profitability

We offer a wide variety of products in the Consumer Electronics and Home Appliances areas, where counterfeit products of such products are available in the market offered by the competitors. If a significant number of our customers turn to counterfeit products, say because of their lower prices, we could lose our customers and our revenue and growth could be adversely affected. In addition, the quality of counterfeit products could not be guaranteed and any poor quality of such products would affect the reputation of the brands of such products and in turn that of our products of the same brands, which may materially and adversely affect our business, financial condition and operating results. We cannot guarantee that incidents of counterfeit products will not happen in the future.

We generally do not enter into long term business contracts with our suppliers

Generally, we do not enter into any long term contract with our suppliers, including brand owners. Such arrangement gives us flexibility in deciding the brands and the types of products to procure for the next season, which involves consideration on the forthcoming market trends and the popularity of the brands as revealed by our market analysis.

Depending on the practice of each individual supplier, we may enter into distribution agreements with them or they may issue certificate of authorisation to us under which we are appointed as the distributor with the exclusive right to sell and distribute their products in the territories specified in the exclusive distribution agreements.

We may experience delay in or not be able to replenish our popular items if they are sold out quickly and our suppliers may impose a maximum order size for our orders. We cannot guarantee that our suppliers will renew the exclusive distribution agreements to provide goods to us in an amount that is sufficient to meet the demand of our customers. Even if we maintain good relationships with our suppliers, they may be unable to remain in business due to economic conditions, labour actions, regulatory or legal decisions, natural disasters or other causes. In the event that we are unable to procure products at all or at favourable terms, our business, financial condition and results of operations may be adversely affected.

We may need to order relevant SKUs from our suppliers from time to time in order to fill orders from our customers, and any material delay in shipment of goods from our suppliers to us may lead to customer dissatisfaction and damage our reputation

We procure our products from domestic and overseas suppliers. The SKUs carried by us (whether in stock or out of stock at the relevant times) are available for viewing on the Yoho E-commerce Platform. Where an ordered item is in stock, we will arrange for the item to be delivered to the customer's designated address or pick-up point or make it available for self-pick-up from our retail store according to the customer's preference. For a SKU that is out of stock, upon receiving an order from our customer, we will check with our supplier and place replenishment orders, and provide the customer with an expected delivery date where practicable. Any material delay in shipment by our suppliers will reduce our inventory level of the relevant SKUs and capacity to fill customers' orders with immediately available stock, and/or may render us unable to meet the expected delivery schedule we have provided with our customers. Where our delivery schedule has to be postponed due to a delay in delivery by the relevant supplier, we may, at the request of the customer affected, permit cancellation of the order and make a full refund. We had recorded refunds to customers in the amount of HK$3.8 million, HK$12.7 million, HK$19.8 million, HK$17.7 million and HK$11.6 million, for FY18/19, FY19/20, FY20/21, 8M21/22, and the period since the end of the Track Record Period and up to the Latest Practicable Date, respectively. We cannot guarantee that our suppliers could adhere to the promised shipment schedule for every order placed by us, and any material delay in shipment of goods from our suppliers to us may lower our stock availability and competitiveness as an e-commerce platform operator, and/or our relationships with customers and reputation in the industry. In such events, our sales, including both purchases by new customers and repeat purchasers by existing customers, could be adversely affected.

Our business and results of operations may be materially and adversely affected if we are unable to maintain daily operations and security of the Yoho E-commerce Platform and systems

The satisfactory performance, reliability and availability of our IT systems are critical to our operation and success, our ability to retain existing and attract new customers, our ability to maintain a satisfactory customer experience and level of customer service.

We rely on our internal technology team to maintain our IT systems continuously. Our IT systems may be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website slowdown or unavailability, delays in transaction processing, loss of data or the inability to accept and fulfil customer orders. We cannot provide assurance that we will not experience such unexpected interruptions or breakdown, or that our current security mechanisms will be sufficient to protect our IT systems from any third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any occurrences of which could damage our reputation and have an adverse effect on our business, financial condition and results of operations.

We are exposed to cybersecurity risks and may be liable for our users' privacy being compromised which may materially and adversely affect our reputation and business

As an e-commerce platform operator transacting extensively with our customers online on a daily basis, we collect, receive, store and process personal information and other data from users of the Yoho E-commerce Platform, and are hence exposed to cybersecurity risks in our operations. We have formulated risk management and internal control procedures for data privacy risk management. Personal information is maintained in our enterprise management systems, and only a limited number of our employees are authorised with different levels of rights of access to the system allowing them to access a designated scope of personal data of our customers stored in our enterprise management systems commensurate with their respective duties.

We collect various personal data in the operation of our business. For example, visitors may register for an account on the Yoho E-commerce Platform. Similarly we also collect our online shoppers' personal details such as personal information, billing and delivery addresses, credit card information. In addition, we monitor visitors' activities on our webpages so as to collect data on consumer preference.

We collect personal data from registered users with their prior consent. Our privacy policy is stated at the webpages of the Yoho E-commerce Platform. Our internal control procedure aims to ensure compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong or other applicable laws) in relation to the proper collection, use and storage of the personal date we collected.

Despite our efforts to employ security features to safeguard user information, there is no guarantee that we can successfully keep our users free from inappropriate behaviour, offensive contact or other acts of third parties that violate the privacy of our users and illegally obtaining such confidential or private information we hold as a result of our customers, visits or purchase on our platforms. Similar to other providers of Internet content services and operators of Internet platforms, we are subject to risks of hacking. Unauthorised users may gain access to or control of other users' personal accounts and their personal data for malicious purposes. For example, unauthorised access may be made by hackers to the customer information stored in our system, such as user names and login passwords of registered accounts, email addresses and delivery addresses, contact phone numbers, and details of linked social media accounts; upon leakage, such personal information may be misused in a way that causes our customers to suffer financial losses, such as making unauthorised purchases on the Yoho E-commerce Platform or other e-commerce platforms. Any failure or perceived failure by us or our employees to (i) prevent our users' exposure to such infiltration and (ii) comply with our privacy policies, our privacy-related obligations to users or other third parties, or any privacy laws or regulations, or any compromise of security that results in the unauthorised release or transfer of personally identifiable information or users' personal data, may result in governmental enforcement actions, litigation or public statements against us by our users, consumer advocacy groups or others, which would detrimentally affect our reputation and adversely affect our business, financial condition and results of operations.

Our business and results of operations may be materially and adversely affected if there is any interruption in the operation of our warehouses

The efficient and uninterrupted operation of our warehouses is crucial to our operation and success, our ability to process and fulfil orders timely and provide high quality customer service. A significant interruption in the operation of our warehouse facilities, whether as a result of a natural disaster or other causes, could significantly impair our ability to operate our business. If there is a significant interruption in the operation of our facilities, we may not have the capacity to service all of our customers out of the unaffected facilities timely and economically and hence, our business, financial condition and results of operations may be materially and adversely affected. Although we have maintained insurance covering certain damage or loss to our inventories and equipment in our warehouse, such compensation may not fully cover the actual losses we suffer, and our business, financial condition and results of operations may be materially and adversely affected.

Inventory obsolescence may affect our results of operations and financial condition

Our procurement team, marketing team, sales team, IT team, administration and finance team work closely together, with the aid of our in-house centralised inventory management system and automatic pricing system to control and monitor our inventory levels and to reduce our risk of inventory obsolescence. We maintain a certain level of inventory of our products to meet our customers' demand. We depend on our demand forecasts for various kinds of products to manage our inventory. Demand for our products may be affected by seasonality, market competition, the new products launched, changes in consumer consumption patterns and other factors, and our customers may not order products in the quantities that we expect. Further, any unforeseen change in the demand of our products may also result in the relevant inventories becoming excessive or even obsolete. For details of inventory management, please see "Business — Inventory Management" in this prospectus.

Our inventories amounted to approximately HK$15.8 million, HK$32.3 million, HK$66.9 million and HK$68.8 million as at 31 March 2019, 2020 and 2021 and 8M21/22 respectively. For details of inventory turnover days, please see "Financial Information — Discussion of selected statements of financial position items — Inventories" in this prospectus. If we fail to manage our inventory effectively, we may be subject to a risk of inventory obsolescence, a decline in inventory values, and inventory write-downs or write-offs. In addition, we may be required to lower the selling prices of our products in order to reduce inventory level, which may lead to lower gross margins. It may materially and adversely affect our results of operations and financial condition. During the Track Record Period, allowance of approximately HK$22,000, HK$286,000, HK$373,000 and HK$696,000 was made for the FY18/19, FY19/20, FY20/21 and 8M21/22, respectively, against the carrying value of inventories. There is also no assurance that our provision for slow-moving and/or obsolete inventories to be sufficient to cover the loss or impairment in value of our inventories arising from the changes in customers' demand as mentioned above, and any such under-provision may further adversely affect our profitability.

We engage an independent warehousing service provider to provide inventory storage services, independent courier service providers to deliver goods to our customers and third-party financial institutions and financial technology companies for payment services

In addition to a warehouse operated by us, we also enlist the inventory storage services provided by an independent warehousing service provider. Interruptions to or failures in the independent warehousing service provider's inventory storage services could prevent the proper storage of our goods. These interruptions may be due to events that are beyond our control or the control of the warehousing service company, such as inclement weather and natural disasters. If the independent warehousing service provider fails to properly store our goods, we may not be able to find alternative warehousing service companies to provide inventory storage services timely and economically, or at all. If the goods are not stored in proper condition, our business, financial condition and results of operations may be adversely affected.

We use a number of local and international independent courier services providers to deliver goods ordered by our customers. For details of logistics services, please see "Business — Our Business Model — Delivery" in this prospectus. Interruptions to or failures in these independent courier services providers' delivery services could prevent the timely or proper delivery of the goods to our customers. These interruptions may be due to events that are beyond our control or the control of these courier companies, such as inclement weather, natural disasters, transportation disruptions or labour unrest or global and/or regional pandemics such as the outbreak of the COVID-19 pandemic in 2020. If these independent courier services providers fail to deliver the goods, we may not be able to find alternative courier companies to provide delivery services timely and economically, or at all. If the goods are not delivered in proper condition or on a timely basis to our customers and economically, our business, financial condition and results of operations may be adversely affected.

We rely on financial institutions and financial technology companies to provide a variety of payment options to our customers for the settlement of sales transactions. For details of payment arrangements, please see "Business — Our Business Model — Pricing" in this prospectus. Any technical interruption in the functions provided by our third-party service providers could have a material adverse effect on the business, financial condition and results of operations.

In addition, the online payment services providers constantly monitor the payment transactions. We also implement a fraud detection system which flags possible fraudulent transactions where our sales team reviews such identified possible fraudulent transactions on a case-by-case basis. However, we cannot assure you that we are able to identify any fraud and avoid all frauds timely, or at all.

The independent warehousing service provider and independent courier service providers engaged by us may increase their service charges and our net profit margin and results of operations may be affected as a result

Our independent warehousing service provider provides and manages a warehouse in Kwai Chung for storage of our major appliances (such as televisions, air conditioners and refrigerators). We also engage independent courier service providers to deliver our products from our self-operated warehouse to our customers. Our warehousing service provider shall take care of delivery of the ordered items of major appliance from the warehouse managed by it to our customers. The service charges of these service providers are generally borne by us (except for orders which fall below the prescribed value and do not qualify for free delivery).

During the Track Record Period, our logistics and storage cost (as an item of our selling and distribution expenses) had increased from approximately HK$3.0 million for FY18/19 to HK$5.8 million for FY19/20 and HK$14.4 million for FY20/21, and from HK$7.7 million for 8M20/21 to HK$13.9 million for 8M21/22. The increases in our logistics and storage costs were partly attributable to the increases in service charges of our service providers. There is no guarantee that our service providers will not further increase their service charges in the future.

Any such further increase may have to be borne by us and raise our operating costs, with a detrimental impact on our net profit margin and results of operations.

We depend on Internet traffic to the Yoho E-commerce Platform for the operation of our business

The Yoho E-commerce Platform, together with our social media platforms, attracts a large number of readers by featuring up-to-date products trends that are appealing to the readers. Through the Internet, the Yoho E-commerce Platform as well as the advertisements, products of our Company are delivered to our visitors and shoppers around the globe. As such, our revenue depends on our ability to attract Internet traffic to the Yoho E-commerce Platform and the number of Internet users browsing the Yoho E-commerce Platform. If we are unable to attract new visitors and maintain or increase consumer traffic to the Yoho E-commerce Platform or various social media platforms, our existing brand owners may not continue to, and we cannot attract new brand owners to, supply products to us.

In view of the importance of traffic to the Yoho E-commerce Platform and our social media platform, should there be (i) any reduction in the number of visitors and shoppers in the Yoho E-commerce Platform; (ii) any decrease in the popularity of the Yoho E-commerce Platform in the markets in which we operate; (iii) any failure by us or third parties to make improvement, upgrades or enhancement to the Yoho E-commerce Platform timely; (iv) any lasting or prolonged server interruption due to network failures or other factors; or (v) any other adverse developments specific to the Yoho E-commerce Platform, our business, financial condition and results of operations could be adversely affected.

We are subject to potential claims relating to product liability, description, warnings and labelling as well as our customers' review for the goods sold on the Yoho E-commerce Platform

During the Track Record Period, we primarily sold our products to our customers worldwide under our OMO business model, especially through the Yoho E-commerce Platform. We cannot guarantee that the goods shipped to our customers are free of any patent or latent defects. The products provided by our suppliers may be defective or of inferior quality or may lack appropriate description, warnings or labels as we typically adopt the product description, claims and labelling on the products as provided by the suppliers. We cannot assure you that the product descriptions, instructions, claims or labelling are all accurate and adequate. Sales of such products could expose us to claims relating to personal injury or property damage, property description, warnings or labelling or may require product recalls or other actions. Third parties subject to such injury or damage may bring claims or legal proceedings against us as the retailer of the product. In addition, our customers' review on our products sold on the Yoho E-commerce Platform may contain illegal or unfounded accusations, which could expose us to claims or legal proceedings against us relating to defamation by the suppliers of the products.

Any such claim or litigation could have a material and adverse effect on our business, financial condition and results of operations. We cannot assure you that in the future, we will not be required to incur material expenses regarding such claims. We could be required to pay substantial damages or to refrain from the sales of relevant products in the event that a claimant prevails in any proceedings against us. Even unsuccessful claims could result in material expenses and efforts in defending them and could have a negative impact on our reputation. Any inadvertent sales of products relating to such claims, or public perception of such incidents, may adversely affect consumer perceptions of our Group, which could harm our reputation, impair our ability to attract and retain customers and hence adversely affect our business, financial condition and results of operations.

We may not be able to provide electronic appliances to our customers in a timely manner or at all, which may subject us to refund of advances received in relation to the sales of electronic appliances

Under certain circumstances, we may require advance payments from our customers upon order and before delivery of electronic appliances, which are initially recorded as contract liabilities and are recognized as revenue when the goods are delivered to our customers. We recorded contract liabilities of HK$2.4 million, HK$9.6 million, HK$8.7 million and HK$19.0 million as of FY18/19, FY19/20, FY20/21 and 8M21/22, respectively. The delivery of electronic appliances to our customers may be disrupted by unforeseeable events, such as outbreak of contagious diseases, occurrence of force majeure events, regulatory changes and/or natural disasters. In such events, we may be unable to fulfill our obligation in respect of the contract liabilities and may need to refund a portion or all of our contract liabilities not yet recognized as revenue to our customers, which could result in an adverse impact on our cash flows generated from operating activities.

In the event we are unable to successfully provide products to our customers in the future, we may be subject to claims to refund a portion or all of our contract liabilities, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to product returns and exchange risk for the goods sold

During the Track Record Period, we had sold our products to our customers worldwide under our OMO business model, especially through the Yoho E-commerce Platform. We cannot guarantee that the goods shipped to our customers are free of any patent or latent defects. As a general rule, all items sold on the Yoho E-commerce Platform and at our retail stores are not returnable and no request for refund will be accepted, except in the circumstances set forth in "Business — Our Business Model — Customers Services — Product Replacement and Refund" in this prospectus. Product failure or defects, and any complaints or negative publicity resulting therefrom, could result in decreased sales of our products, or claims or litigation against us regarding the quality of our products. As a result, it may adversely affect our business, reputation, financial conditions and results of operations.

We are exposed to the risk of infringement of intellectual property rights owned by third parties

The Yoho E-commerce Platform and our social media platforms display the photos or videos of our products as marketing materials for sale. Where possible, we endeavour to create original photos or videos as marketing materials. However, for other photos or videos used on the Yoho E-commerce Platform or our social media platforms as marketing materials, they may be owned by third parties. We cannot guarantee the copyright owner will not object to the use of the relevant copyrighted materials on our Yoho E-commerce Platform or our social media platforms. We may incur legal liability for infringing intellectual property rights in the pictures or videos that we post on the Yoho E-commerce Platform or our social media platforms.

We cannot assure you that we will not be threatened or sued upon in relation to infringement of third parties' intellectual property rights in the future. In the event that we are under any infringement claims, irrespective of the validity or the successful assertion of such claims, we would incur substantial costs, time and resources in defending against them. Further, should there be a successful infringement claim against us, we may be required to pay substantial damages, to pay ongoing royalties, to be subject to injunctions prohibiting the use of the photos or videos. Any intellectual property claim or litigation, regardless of whether we ultimately win or lose, would have material adverse effects on our business, financial conditions and results of operations.

Our business, financial conditions and results of operations may be adversely affected by fair value changes in our convertible redeemable preferred shares

During the Track Record Period, we had outstanding convertible redeemable preferred shares, which were designated as financial liabilities at fair value through profits or losses. Their fair value is determined based on the valuation performed by an independent valuer, using valuation techniques. The assessment of fair value of our convertible redeemable preferred shares requires the use of unobservable inputs including discount rate and expected volatility. We use our judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. These valuation methodologies that we use involve a significant degree of management judgement and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgements could materially affect the fair value of our convertible redeemable preferred shares, which in turn may adversely affect our results of operations. The recognition of fair value change in convertible redeemable preferred shares may also result in net loss of our Group, which in turn would have material adverse effects on our financial conditions. During 8M21/22, fair value change in convertible redeemable preferred shares of loss of HK$11.5 million has been recognised, largely contributing to the net loss of our Group. We expect continued fluctuation of the fair value of our convertible redeemable preferred shares after 8M21/22 till the Listing Date, upon which all the convertible redeemable preferred shares will be reclassified from liabilities to equity as a result of the automatic conversion into our Shares.

We may not have adequate insurance coverage to cover our potential losses and claims in connection with our business

To the best of our knowledge, certain risks associated with the operation of our business could not be fully covered by insurance. We have been maintaining mainly statutory employees' compensation, office and warehouse insurance and directors and officers liability for our operations in the Hong Kong, which we believe is in line with the industry practice in Hong Kong. For details of insurances, please see "Business — Insurance" in this prospectus.

As such, we cannot assure you that our insurance coverage is sufficient to cover all our potential losses and we may be exposed to liability in excess of our insurance coverage. For example, the occurrence of certain incidents such as business interruption, labour disputes and acts of God and the consequences resulting from them may not be adequately covered by our insurance policies, if at all. We also cannot guarantee that we will be able to maintain or renew our existing insurance coverage on commercially reasonable terms. In the event that we were subject to substantial claims, losses or liabilities that were not covered by our insurance, we may incur payment and expenses that could materially and adversely affect our financial conditions and results of operations.

We generally do not enter into long term business contracts with our customers

As our contracts with our customers are generally on individual basis, we generally do not enter into any long term business contracts with our customers. Accordingly, we may have limited visibility as to our future revenue streams and we cannot guarantee that we will maintain or increase the level of our business with existing or new customers. Should we fail to attract new customers or retain our existing customers, the demand for our services may not grow or even decline and our business, financial conditions and results of operations may be adversely affected.

We are subject to credit risks for trade receivables

During the Track Record Period, our Group generally granted credit terms of 30 days to its B2B customers and Reward Scheme Platforms under B2B2C model. As at 31 March 2019, 2020 and 2021 and 30 November 2021, we had trade receivables of approximately HK$3.5 million, HK$3.9 million, HK$6.0 million and HK$10.5 million, respectively. We cannot assure you that in the future, we will be able to recover all the trade receivables. Should we fail to recover all the trade receivables, it will adversely affect our business, financial condition and results of operations.

We may face disintermediation for our offline bulk sales

In relation to the offline transactions for certain bulk purchases under the B2B model, our offline bulk sales are mainly made to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders. The products supplied by us to such customers are mostly those in respect of which we enjoy the exclusive distribution rights in Hong Kong. Regarding the products supplied by us to such customers which we do not enjoy the exclusive distribution rights in Hong Kong, such customers may directly purchase from the brand owners or other authorized distributors instead of purchasing from us. We cannot guarantee that we will maintain such customers. Should we fail to retain such customers, the demand for our products will decline and our business, financial conditions and results of operations may be adversely affected.

Our business, financial conditions and results of operations could be affected if we fail to attract and retain our key personnel, management team and our employees

Our operations and future success heavily depend on our ability to attract and retain our key personnel, management team and our employees. In particular, we rely on the sales network built by our sales and marketing staff, and product procured by our procurement staff. As such, it is important for us to continue to attract and motivate a sufficient number of key personnel to maintain our financial conditions and results of operations.

We cannot assure you that there will be no departures of our key personnel. If one or more of our key personnel are unwilling to continue in their present positions in our Group, we may not be able to replace them instantly or at all. We may also need to offer higher compensation and other benefits in order to attract and recruit new personnel and may also incur additional expenses in the training of new personnel.

If any of our key personnel joins our competitor or forms a competing business, we may, as a result, lose business secrets, technological know-how and built business relationships with major customers. This would subsequently disrupt our business and would have a material adverse impact on our business, financial conditions and results of operations.

We may grant share incentives in the future, which may result in increased share-based compensation expenses and negatively impact our results of operations

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel. We adopted the Share Option Scheme on 20 May 2022. The maximum aggregate number of Shares which may be issued under the Share Option Scheme is 50,000,000 Shares. As of the Latest Practicable Date, no options have been granted under the Share Option Scheme. The principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV. As a result, our expenses associated with share-based compensation may increase substantially, which could materially and adversely affect our business, financial condition and results of operations.

Our international footprint exposes us to a variety of different local legal, regulatory, tax, payment, and cultural standards which we might fail to comply with

While our physical presence is largely concentrated in Hong Kong, the Yoho E-commerce Platform and our social media platforms can be viewed by Internet users around the world. We procure our Consumer Electronics and Home Appliances from various countries and regions including Korea, Japan and PRC and we had sold our goods to customers globally during the Track Record Period. Therefore, the international scope of our operations exposes us to several types of complexities that increase the risks associated with our business, including but not limited to:

- the need to serve our overseas customers with different cultural background and adjust our business to target the local markets;

- different local laws and regulations, including relating to consumer protection, data privacy, labour, intellectual property, licensing, tax, trade, and customs duties or other trade restrictions;
- the potential for unexpected changes in legal, political or economic conditions in the countries from which we procure or into which we sell;
- exposure to liabilities under various anti-corruption and anti-money laundering laws; and
- fluctuations in foreign exchange rates against the Hong Kong dollar.

If we fail to manage these risks adequately, or if one or more of these risks materialises, this could have a material adverse effect on our reputation, business, financial conditions and results of operations.

Our revenue is affected by the market trends

The revenue and growth of the Consumer Electronics and Home Appliances industry is sensitive to the corresponding market trends. Our sales of branded products via the Yoho E-commerce Platform would be adversely affected if consumers are less willing to spend money on the Consumer Electronics and Home Appliances due to change in the corresponding market trends. This would have an impact on our business, financial conditions and results of operations.

Seasonality in our business may affect our Company's business and operating results

Our revenue is subject to seasonal fluctuations. During the Track Record Period, we recorded higher sales revenue from November to March of each financial year. For details of the seasonality of our products, please see "Business — Seasonality" in this prospectus. We may not be able to satisfy the high amount of orders received from our customers during the peak seasons and this may result in loss of business opportunities or delays in delivery of our orders. In the event that we fail to meet the high amount of purchase orders during certain periods, our business, financial conditions and results of operations may be adversely affected.

We rely on the availability of social media platforms for the promotion of our business

We make use of various social media platforms, such as Facebook, Instagram, Twitter, YouTube, and Weibo to promote our business.

While we have internal control policies in place to monitor the content we upload to the above social media platforms and ensure compliance with these social media platforms' policies, we cannot guarantee that these social media platforms will continue to allow us to operate our accounts. If our accounts are blocked or banned, we will lose a channel for communicating with our viewers and our popularity may be adversely impacted. We may also as a result fail to attract viewers to our other website through these social media platforms, leading to decreased monthly page views or monthly unique visitors and losing both advertising and retail customers.

Further, such social media platforms do not charge us fees for our corporate user accounts. If these social media platforms demand payment of fees for our corporate user accounts, our financial performance may be adversely affected.

The outbreak of any severe communicable disease, in particular COVID-19, if uncontrolled, could adversely affect our Group's results of operations

The outbreak of any severe communicable disease, such as the recent outbreak of COVID-19 in the world, if uncontrolled, could have an adverse effect on our Group's operations and the overall business sentiments and environment in Hong Kong. The spread of any severe communicable disease in Hong Kong or other parts of the world may also affect normal operation of business of our Group's customers and suppliers. Supply of products may become unstable. Customer's demand for our products may decline. There is no assurance that the outbreak of COVID-19 will come to an end in the near future, or there will be no recurrence of outbreak of contagious diseases or epidemic in Hong Kong or other parts of the world. Under such circumstances, we may not be able to sustain our historical growth in revenue and profit in the future.

The outbreak of COVID-19 has had a certain degree of positive impact on the Hong Kong retail e-commerce industry and our revenue, which may cease after COVID-19 has become contained

According to the F&S Report, albeit the heavy impact on the Hong Kong economy brought about by the outbreak of the COVID-19 pandemic since January 2020, Hong Kong online retail sales have outperformed the overall Hong Kong economy, registering an year-on-year increase of approximately 18.6% from FY19/20 to FY20/21, where an increase by 9.1% had been recorded in the category of Consumer Electronics and Home Appliances in particular. Following the outbreak of COVID-19, pandemic prevention and control policies such as social distancing and quarantine measures have been strictly implemented by the Hong Kong government, and Hong Kong residents have generally reduced unnecessary outings and got into the habit of staying home to reduce their exposure to infection risks. As a result, Hong Kong citizens have gradually switched from purchases from offline stores to online purchases, thereby fuelling the growth of the Hong Kong retail e-commerce industry. In addition, with a view to stimulating local consumption, the Hong Kong government has launched rounds of consumption voucher scheme, under which electronic consumption vouchers have been issued to local consumers for use at local retail, catering and service outlets or their online platforms through stored value facilities. The rollout of such supportive government policies has driven the demand for purchasing Consumer Electronics and Home Appliances online on the back of the shift of consumption pattern towards online purchases. From these perspectives, the outbreak of COVID-19 has benefitted the development of the Hong Kong retail e-commerce industry with a certain degree of positive impact on our revenue.

There is no assurance that the stimulating effects of COVID-19 on the Hong Kong retail e-commerce industry and our revenue can be lasting. As the outbreak of COVID-19 becomes contained, the anti-pandemic policies and measures may be relaxed and social activities may resume. Consequently, consumers may possibly return to their original shopping habit and reduce their reliance on online purchases. The local economy may also gradually recover and local consumption may regain strength, such that no further distribution of electronic consumption vouchers by the government may be necessary. Under such circumstances, the demand for our products may decline, and our revenue growth may be slowed down.

Fluctuations in foreign currency exchange rates may result in foreign currency exchange losses

To a small extent, some of our transactions were transacted in foreign currency, mainly in USD and RMB, which exposes us to foreign currency risk. The value of HK$ against USD, RMB and other currencies may fluctuate and our cash flows, revenues, earnings and financial position may be materially and adversely affected if there is any severe fluctuation in exchange rates among HK$, USD and RMB. We do not have a foreign currency hedging policy and our use of derivatives markets or foreign exchange hedging measures to minimise foreign exchange rate risk may fail. Accordingly, we are exposed to exchange rate fluctuations and such exposure may adversely affect our business, financial conditions and results of operations.

RISKS RELATING TO DOING BUSINESS IN HONG KONG

Political consideration of Hong Kong

Our operations are principally based in Hong Kong, where our business operation and financial conditions will be affected by the political and legal developments in Hong Kong. Any adverse economic, social and/or political conditions, material social unrest, strike, riot, civil disturbance or disobedience, as well as significant natural disasters may adversely affect our business operations.

The Hong Kong protests that lasted from 2019 to 2020 were protests in Hong Kong (the "**Hong Kong Protests**") triggered by the introduction of the Fugitive Offenders amendment bill by the Hong Kong government. Despite not being enacted, similar incidents may cause large-scale protests or riots, which may materially and adversely affect various sectors of the Hong Kong economy.

Our business operations are susceptible to the ongoing Hong Kong Protests as well as any other incidents or factors which affect the stability of the social, economic and political conditions in Hong Kong. Any drastic events may adversely affect our business operations, which may include changes in economic conditions and regulatory environment, social and/or political conditions, civil disturbance or disobedience, as well as significant natural disasters.

We cannot assure that the Hong Kong Protests will not occur again in the near future and that there will be no other political or social unrest in the near future or that there will not be other events that could lead to the disruption of the economic, political and social conditions in Hong Kong. If such events persist for a prolonged period of time or that the economic, political and social conditions in Hong Kong are to be disrupted, our overall business, finance conditions and results of operations may be adversely affected.

Currency peg system in Hong Kong

Since 1983, Hong Kong dollars have been pegged to the US dollars at the rate of approximately HK$7.80 to US$1.00. There is no assurance that this policy will not be changed in the near future. If the pegging system collapses and the value of the Hong Kong dollars rises against the US dollar, our Group's sale in US or other US currency based regions may be adversely affected.

Costs of conducting business in Hong Kong

The costs of doing business in Hong Kong is high as compared to its surrounding regions. We rent our office spaces and warehouses in Hong Kong. The majority of our workforce is also based in Hong Kong. In view of the high rental price and high labour cost in Hong Kong, our Group needs to exercise careful control over our expenditures in these areas. Should we fail to control our costs, the financial performance of our Group may be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

Possible setting of the Offer Price after making a Downward Offer Price Adjustment

We have the flexibility to make a Downward Offer Price Adjustment to set the Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Offer Share. It is therefore possible that the Offer Price will be set at HK$1.89 per Offer Share upon the making of a Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply. If the Offer Price is set at HK$1.89, the estimated net proceeds we will receive from the Global Offering will be reduced to approximately HK$63.7 million, assuming the Over-allotment Option is not exercised at all, and such reduced proceeds will be used as described in "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

There has been no prior public market for our Shares and it is uncertain about the market price and the liquidity of our Shares

Prior to the Listing of our Shares on the Stock Exchange, there were no public market for our Shares. The Offer Price was determined on the Price Determination Date and the price at which our Shares are traded after the Listing may decline below the Offer Price, which means it may experience a decrease in the value of our Shares regardless of the operating performance or prospects of our Group. In addition, there is no assurance that the listing of our Shares on the Stock Exchange will result in the development of an active and liquid public trading market for our Shares. If an active market for our Shares does not develop after the Global Offering, the market price and the liquidity of our Shares may be adversely affected.

The liquidity and market price of our Shares following the Global Offering may be volatile

The liquidity and market price of our Shares may be affected by various factors such as

- variations of our results of operations;

- investors' perceptions of us and the general investment environment;

- changes in policies and developments relating to the industry in which we operate;
- changes in pricing policies adopted by us or our competitors;
- announcements of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market and trading volume;
- our involvement in litigation;
- recruitment or departure of our key personnel;
- changes in government policies and regulations; and
- general market and economic conditions

We cannot assure that these factors will not occur in the future. As illustrated, it is possible that our Shares may be subject to changes in price not directly related to our performance.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Global Offering. The market price of our Shares when trading begins could be lower than the Offer Price

The Offer Price of our Shares will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. The Shares will not commence trading on the Stock Exchange until they are delivered and it is expected that there will be a considerable gap of time between the pricing of the Shares/closing of the application lists and the commencement of trading. Investors may not be able to sell or otherwise deal in the Shares until the commencement of trading and accordingly, holders of the Shares are subject to the risk that the price of their Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, Shareholders are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Our Controlling Shareholders have substantial influence over us and their interests may conflict with the interests of our Company and other Shareholders

Upon completion of the Global Offering, our Controlling Shareholders will continue to have the ability to exercise a controlling influence on our management, policies and business including matters relating to our management and policies and certain matters requiring the approval of our Shareholders, including election of Directors, approval of significant corporate transactions and the timing and distribution of dividends. The Controlling Shareholders may take actions that you may not agree with or that are not in our public Shareholders' best interests and there is no assurance that our Controlling Shareholders will always take actions that will benefit our other Shareholders.

Except as otherwise described in the section headed "Underwriting" in this prospectus, there are no restrictions imposed on our Controlling Shareholders which will prevent them from disposal of their Shares. If our Controlling Shareholders decide to dispose the Shares after the lock-up period that restrict any disposal of Shares by our Controlling Shareholders, the market price of our Shares may fall. In addition, any disposal of Shares by our Controlling Shareholders may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise capital.

We may require additional funding for future growth and our Shareholders' interest may be diluted as a result of additional equity fund-raising

We may be presented with opportunities to expand our business through acquisitions in the future. Under such circumstances, secondary issue(s) of securities after the Listing may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. Inevitably, existing Shareholders if not being offered with an opportunity to participate, their shareholding interest in our Company will be diluted. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

We cannot guarantee that we will declare or distribute any dividend in the future

Any decision to declare any dividend would require the recommendation of our Board and approval of our Shareholders. Any decision to pay any dividend will be made having regard to factors such as our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors which our Board may deem relevant at such time. As a result, we cannot guarantee whether, when and in what form we will pay dividends in the future.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

We have not independently verified government statistics and facts in this prospectus

This prospectus includes certain statistics and facts that have been extracted from government official sources. We can guarantee neither the quality nor the reliability of such source materials. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other parties involved in the Global Offering have not independently verified these statistics and facts from these sources. Therefore, we make no representation as to the accuracy or completeness of these statistics and facts, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not rely upon them. Furthermore, there is no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such statistics or facts.

Forward-looking statements contained in this prospectus may prove inaccurate and therefore investors should not place undue reliance on such information

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors and our Group. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set forth herein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, agents, employees or advisors or any other party involved in the Global Offering.

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in this prospectus. If it is intended to set the Offer Price at more than 10% below the bottom end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

Neither the delivery of this prospectus nor any subscription or purchase made under it shall, under any circumstances, constitute a representation that there has been no change or development in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to determination of the final Offer Price. Further information regarding the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption from applicable securities law. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the PRC, the United States of America or the Cayman Islands. Persons who possess this prospectus are deemed to have confirmed with our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers and the Joint Bookrunners and the Underwriters that such restrictions have been observed.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue (including the Series A Preferred Shares to be converted into the Shares upon the Listing), the Shares to be issued pursuant to the Capitalisation Issue, the Offer Shares (including any additional Shares which may be issued upon the exercise of the Over-allotment Option) and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

No part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under the prospectus to be listed on the Main Board has been refused before the expiration of three weeks from the date of the closing of the Global Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Committee, then any allotment made on an application in pursuance to this prospectus shall, whenever made, be void.

Pursuant to Rule 8.08 of the Listing Rules, at all times after the Listing, our Company must maintain the "minimum prescribed percentage" of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 10 June 2022, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 10 June 2022. The Shares will be traded in board lots of 2,000 Shares each.

The stock code of the Shares will be 2347.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Offer Shares or exercising any rights attaching to the Offer Shares. We emphasise that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, advisers, agents or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding or disposing of, or dealing in, the Offer Shares or exercising of any rights attaching to the Offer Shares.

REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our principal register of members will be maintained by our Cayman Islands share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. All Offer Shares will be registered on our Company's Hong Kong register of members in Hong Kong. Dealings in the Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

STABILISATION AND OVER-ALLOTMENT OPTION

Details of the arrangement relating to the stabilisation and Over-allotment Option are set out under the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

CONVERSION AND EXCHANGE RATE

For the purpose of illustration only, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, (i) the conversions between Renminbi and HK dollars were made at the rate of RMB1.20 to HK$1.00 and (ii) the conversions between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.78 to US$1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, the figures shown as totals in certain tables may not be the arithmetic aggregation of all preceding figures.

LANGUAGE

The Chinese language version of this prospectus is translated from the English version. In the event of any discrepancies or conflicts between the contents of the Chinese version and the English version of this prospectus, the English version shall prevail. The translated English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wu Faat Chi (胡發枝)	11/F 85 Prince Edward Road West Kowloon Hong Kong	Chinese (Hong Kong)
Ms. Tsui Ka Wing (徐嘉穎)	11/F 85 Prince Edward Road West Kowloon Hong Kong	Chinese (Hong Kong)
Non-executive Directors		
Mr. Man Lap (文立)	Flat E, 8/F, Block 11 Villa Concerto Symphony Bay 530 Sai Sha Road Sai Kung New Territories Hong Kong	Chinese (Hong Kong)
Mr. Hsieh Wing Hong Sammy (薛永康)	Flat 23, 16/F, Block A Fontana Garden Ka Ning Path Causeway Bay Hong Kong	Chinese (Hong Kong)
Mr. Adamczyk Alexis Thomas David	2C, Dragon View 39 Macdonnell Road Mid Levels Hong Kong	French

Name	Address	Nationality
Independent Non-executive Directors		
Dr. Qian Sam Zhongshan (錢中山)	Room C, 27/F Block 2, Fleur Pavilia 1 Kai Yuan Street North Point Hong Kong	Chinese (Hong Kong)
Mr. Chan Shun (陳純)	Flat G, 27/F, Block 1 Libert'e 833 Lai Chi Kok Road Lai Chi Kok Kowloon Hong Kong	Chinese (Hong Kong)
Mr. Ho Yun Tat (何潤達)	Flat J, 25/F, Block 8 Harmony Garden 9 Siu Sai Wan Road Hong Kong	Chinese (Hong Kong)

Please see "Directors and Senior Management" in this prospectus for further details of our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**CMBC International Capital Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
Financial Adviser*Note*	**Wings Securities Limited** 21B and E Fortis Tower 77-79 Gloucester Road Wanchai Hong Kong

Note: For further details of the Financial Adviser, please see "Appendix IV — Statutory and General Information — E. Other Information — 13. Financial Adviser" in this prospectus.

Sole Global Coordinator	**CMBC Securities Company Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
Joint Bookrunners	**CMBC Securities Company Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
	Eddid Securities and Futures Limited 21/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	Haitong International Securities Company Limited 28/F, One International Finance Centre No.1 Harbour View Street Central Hong Kong
	Zhongtai International Securities Limited 19th Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	China Everbright Securities (HK) Limited 12/F, Everbright Centre 108 Gloucester Road Wanchai Hong Kong
	SBI China Capital Financial Services Limited 4/F, Henley Building No. 5 Queen’s Road Central Hong Kong

China Tonghai Securities Limited
18/F-19/F China Building
29 Queen's Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2 13/F United Centre
No.95 Queensway
Admiralty
Hong Kong

Valuable Capital Limited
3601, 36/F, China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Joint Lead Managers

CMBC Securities Company Limited
45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Eddid Securities and Futures Limited
21/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Haitong International Securities Company Limited
28/F, One International Finance Centre
No.1 Harbour View Street
Central
Hong Kong

Zhongtai International Securities Limited
19th Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Everbright Securities (HK) Limited
12/F, Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

SBI China Capital Financial Services Limited
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

China Tonghai Securities Limited
18/F-19/F China Building
29 Queen's Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2 13/F United Centre
No.95 Queensway
Admiralty
Hong Kong

Valuable Capital Limited
3601, 36/F, China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Ever-Long Securities Company Limited
Rm 1101-02, 11/F, Wing On Centre
111 Connaught Road Central
Hong Kong

China Sky Securities Limited
Room 2302-03, West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Yue Xiu Securities Company Limited
Rooms Nos. 4917-4937, 49/F, Sun Hung Kai Centre
No.30 Harbour Road
Wanchai
Hong Kong

FUTEC Financial Limited
Suite 622, Ocean Centre, Harbour City
Tsim Sha Tsui
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Legal advisers to our Company

as to Hong Kong law:
Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

as to Hong Kong law in respect of legal matters relating to the business operations of our Group in Hong Kong:
Ms. Queenie W.S. Ng
Barrister-at-law of Hong Kong
Rooms 2203 A & B, Fairmont House
8 Cotton Tree Drive
Central
Hong Kong

as to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

	as to PRC law: **Dentons** 16-21F, Tower B ZT International Center No. 10, Chaoyangmen Nandajie Chaoyang District Beijing China
Legal advisers to the Sole Sponsor and the Underwriters	*as to Hong Kong law:* **Chiu & Partners** 40th Floor Jardine House 1 Connaught Place Hong Kong
Auditors and reporting accountants	**Deloitte Touche Tohmatsu** 35/F, One Pacific Place 88 Queensway Hong Kong
Industry consultant	**Frost & Sullivan Limited** 1706, One Exchange Square 8 Connaught Place Hong Kong
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Headquarters and Principal Place of Business in Hong Kong	9A, Bamboos Centre 52 Hung To Road Kwun Tong, Kowloon Hong Kong
Registered Office in the Cayman Islands	**Maples Corporate Services Limited** PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Company website	**www.yohohongkong.com/** *(the information contained on the website does not form part of this prospectus)*
Company Secretary	Mr. Lam Wai Chiu (林衛超) *(HKICPA)* 9A, Bamboos Centre 52 Hung To Road Kwun Tong, Kowloon Hong Kong
Authorised representatives	Mr. Wu Faat Chi (胡發枝) 9A, Bamboos Centre 52 Hung To Road Kwun Tong, Kowloon Hong Kong Mr. Lam Wai Chiu (林衛超) *(HKICPA)* 9A, Bamboos Centre 52 Hung To Road Kwun Tong, Kowloon Hong Kong
Audit Committee	Mr. Ho Yun Tat (何潤達) *(Chairman)* Mr. Adamczyk Alexis Thomas David Mr. Chan Shun (陳純)
Nomination Committee	Mr. Wu Faat Chi (胡發枝) *(Chairman)* Dr. Qian Sam Zhongshan (錢中山) Mr. Chan Shun (陳純)
Remuneration Committee	Mr. Chan Shun (陳純) *(Chairman)* Ms. Tsui Ka Wing (徐嘉穎) Mr. Ho Yun Tat (何潤達)

Strategy and Investment Committee	Mr. Man Lap (文立) *(Chairman)* Mr. Wu Faat Chi (胡發枝) Ms. Tsui Ka Wing (徐嘉穎) Mr. Hsieh Wing Hong Sammy (薛永康)
Principal Share Registrar and Transfer Office	**Maples Fund Services (Cayman) Limited** PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	**CMBC International Capital Limited** 45/F, One Exchange Square 8 Connaught Place Central, Hong Kong
Principal Banks	**The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central, Hong Kong **Hang Seng Bank Limited** 83, Des Voeux Road Central, Hong Kong

The information contained in this section, unless otherwise indicated, have been derived from various official government publications generally believed to be reliable and the F&S Report which we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering, except for Frost & Sullivan, has independently verified such information nor give any representation as to the accuracy or completeness of such information. As such, you should not unduly rely upon such information in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the online retail sales of Consumer Electronics and Home Appliances market in Hong Kong. The report prepared by Frost & Sullivan for us is referred to in this prospectus as F&S Report. We agreed to pay Frost & Sullivan a fee of HK$420,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the F&S Report in this prospectus because we believe this information facilitates an understanding of the online retail sales of Consumer Electronics and Home Appliances market in Hong Kong for the prospective investors. The F&S Report includes information of the online retail sales of Consumer Electronics and Home Appliances market in Hong Kong as well as other economic data, which have been quoted in the listing document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the online retail sales of Consumer Electronics and Home Appliances market in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the online retail sales of Consumer Electronics and Home Appliances market in Hong Kong.

HONG KONG E-COMMERCE MARKET OVERVIEW

Definition and Classification

Electronic commerce (e-commerce) refers to the sale and purchase of products or services using the Internet.

E-commerce can be commonly segmented into the following categories based on the nature of sellers and buyers:

Category	Description
B2C	• Business-to-customer (B2C) refers to trading of goods and supply of services between businesses and customers. There are two types of business models, namely e-commerce B2C direct-to-consumer platform and marketplaces that connect sellers and buyers: 1 Direct-to-consumer – Under the direct-to-consumer model, platforms procure products from manufacturers/suppliers, manage inventories, and sell products to customers via online platforms. Direct-to-consumer platforms generate profit from the difference between sale prices and procurement prices of the products. They also create revenues by offering other value-added services. E-commerce B2C direct-to-consumer platform is an asset-heavy model, as the platform works as a retailer which needs to procure and store products or services with substantial procurement and warehousing costs 2 Marketplace – Under the marketplace model, platforms facilitate transactions between third-party manufacturers/suppliers or distributors and customers and receive commissions from sellers. They also create revenues by offering other value-added services, such as logistics information services, supply chain financing, online payment solutions etc.
B2B	• Business-to-Business (B2B) e-commerce encompasses all electronic transactions of goods or services conducted between two companies. The B2B e-commerce platforms help different companies set up a strong establishment for the long-haul business interrelations between the enterprises

Category	Description
C2C	• Customer-to-Customer (C2C) model refers to trading of goods and services between customers and customers. The C2C e-commerce platform is a consumer-to-consumer site, which fills in as an arbiter between the customers and offers a chance to sell or buy merchandise straightforwardly
M2C	• Manufacturer-to-Customer (M2C) model refers to trading of goods and services between manufacturers and customers. Under M2C model, the manufacturers directly provide consumers with their own products or services, which can contribute to the reduction in additional costs incurred by distributors and strengthen the consumer confidence with their guaranteed product quality and comprehensive after-sales services

Introduction to Online-Merge-Offline Commerce

Online-Merge-Offline (OMO) is a business model adopted by companies to establish presence in both offline retail stores and online platforms. It integrates online commerce and offline commerce to foster an interdependent experience for end-consumers. Platforms commonly adopt an OMO model with a view to transcend the boundaries and heterogeneity between online and offline channels through technological and operational means, whereby customers are able to go through the marketing funnel from (i) building up awareness on the service provider; (ii) consideration, evaluation, trial and purchase of the desired products (iii) opting for the desired payment or delivery means; and (iv) receiving after-sales services, in either and across channels pursuant to their preference. Extensive efforts are required on aspects such as workflow and workforce management, online-offline system integration, communication channels customer relationship management, dashboard reporting, information system infrastructures.

Definition of Online Retail Sales

According to the Census and Statistics Department of Hong Kong, online retail sales refer to the sales of goods to customers through computer networks specially operated by local retail establishments for the purpose of receiving or placing of orders. The goods are ordered by those methods, but the payment and the ultimate delivery of goods do not have to be conducted online. On the other hand, orders made by manually typed e-mails, telephone calls or facsimiles are not regarded as online sales. In the case where a retail establishment provides an online platform for use by other businesses in selling goods (i.e. the marketplace model of B2C), the value of online sales refers to the commissions and service charges.

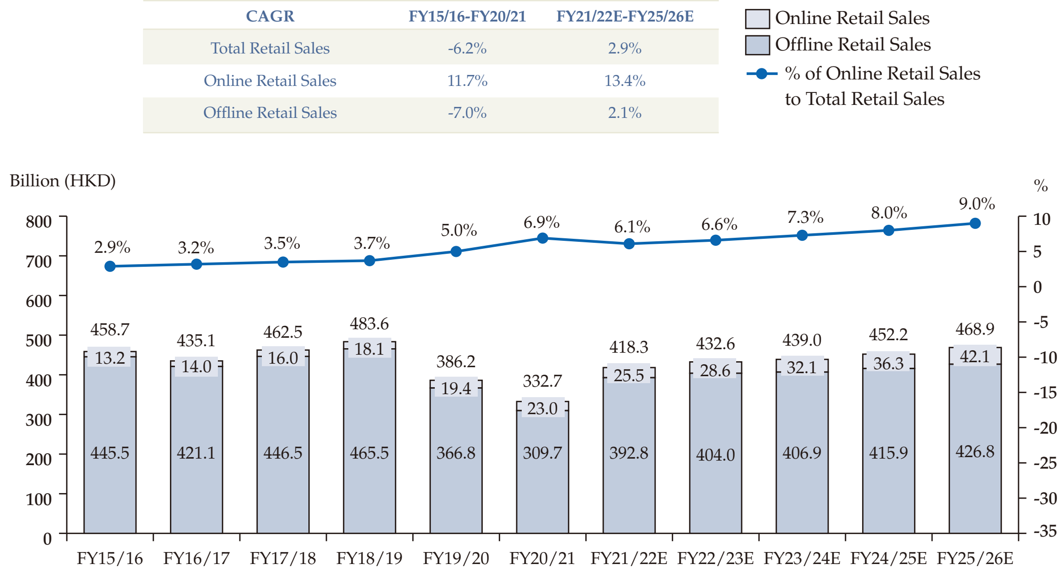
Value of Total Retail Sales and Online Retail Sales in Hong Kong

The value of total retail sales has declined from HK$483.6 billion in FY18/19 to HK$386.2 billion in FY19/20 and subsequently HK$332.7 billion in FY20/21, recording a year-on-year decline of 20.1% and 13.9% respectively, which is imputed to the impact of social disturbances which led to reduced tourist arrivals and contracted consumer spending, along with the outbreak of the COVID-19 and resulting anti-epidemic measures brought inbound tourism to a standstill and disrupted consumption-related activities. As at June 2021, there are currently more than 90 COVID-19 vaccine candidates in trials, and more than 30 have reached the final stages of testing. The World Health Organization is working in collaboration with scientists, enterprises, and global health organisations to speed up the pandemic response. Further, in view of the economic downturn, the Hong Kong Government has rolled out several financial measures as outlined in the Anti-epidemic Fund to relieve the financial burden of business enterprises and individuals to support the domestic economy, coupled with a massive package of countercyclical measures outlined in the 2021–22 Budget of the Government. With a view to stimulating local consumption, the Financial Secretary has issued an electronic consumption vouchers programme with an aggregated value of HK$36.0 billion, benefitting around 7.2 million people. On 18 June, 2021, the Hong Kong Government announced the launch of "Consumption Voucher Scheme" to each eligible Hong Kong permanent resident and new arrival aged 18 or above, which is open for registration from July to August and the HK$5,000 will be disbursed in up to three instalments to each. The vouchers shall be used at local retail, catering and service outlets or their online platforms through stored value facilities. With the launch of vaccination globally, coupled with the supportive government policies, it is of the view of F&S that the impact of COVID-19 is likely to be gradually diminished and the global and local economy would recover in the near future and would be effectively controlled in the long run. As for the latest development, the value of retail sales in the first quarter of FY21/22 has attained HK$89.7 billion, recording a year-on-year growth of 7.6% as compared to HK$83.4 billion in the first quarter of FY20/21. The growth of retail sales in Hong Kong would turn positive and the value of retail sales in Hong Kong would rebound in the following years and attain HK$468.9 billion in FY25/26, representing a CAGR of approximately 2.9% during the period of FY21/22 to FY25/26.

The value of online retail sales in Hong Kong has surged drastically from HK$13.2 billion in FY15/16 to HK$23.0 billion in FY20/21, representing a CAGR of approximately 11.7%. The percentage of online retail sales to the total retail sales has risen from 2.9% to 6.9% during FY15/16 to FY20/21. The rapid growth compared to the value of total retail sales has been fueled by the growing consumer preference towards online shopping, increasing penetration of internet for commercial purpose, increasing mobile phone and household broadband penetration rates, increasing adoption of digital sales channels by the suppliers, coupled with the impact of the outbreak of COVID-19, where more consumers are enticed to shift their shopping habits online. These factors have collectively propelled the retail e-commerce industry as a whole. The percentage of online retail sales over the total retail sales is expected to decline slightly from 6.9% in FY20/21 to 6.1% in FY21/22 during FY20/21 to FY21/22, which is attributable to the recovery of total retail sales in light of the containment of the COVID-19 in FY21/22, while the value of online retail sales has maintained a similar growth momentum of the past few years. Going forward, the forecasted online retail sales is envisaged to reach HK$42.1 billion in FY25/26, representing a CAGR of approximately 13.4%, while the percentage of online retail sales to the total retail sales is expected to increase from 6.1% to 9.0% during the period of FY21/22 to FY25/26.

Value of Total Retail Sales and Online Retail Sales (Hong Kong), FY15/16-FY25/26E

CAGR	FY15/16-FY20/21	FY21/22E-FY25/26E
Total Retail Sales	-6.2%	2.9%
Online Retail Sales	11.7%	13.4%
Offline Retail Sales	-7.0%	2.1%



Source: Frost & Sullivan

Notes:

(i) Sales value of e-commerce platform in the travel sector is not included in the calculation.

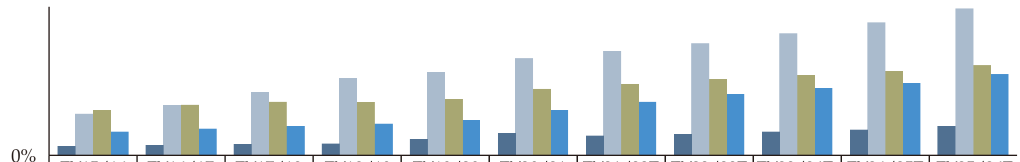
(ii) The market size is calculated based on the data recorded for the year ended 31 March of each year.

E-commerce penetration in Key Countries

In general, the percentage of online retail sales over total retail sales has been increasing steadily in major economies such as Hong Kong, the PRC, the UK and the US. This was primarily due to, among others the growing number of online retailers and online shoppers, changing purchase behavior and attitude toward online shopping, steady development of warehousing, logistics and IT infrastructure and value propositions of online shopping (e.g. easy to browse and select products, less invasive shopping experience, price and product comparison, abundant details for products, reduced travel time and cost, 24/7 accessibility, review and comment, diversified and evolving marketing activities).

Compared to major economies, there is plenty of room for growth in the e-commerce sector in Hong Kong; factors including the increasing prevalence of online shopping of general consumers, the increasing popularity of e-commerce B2C marketplace platforms that facilitates transaction between sellers and buyers, coupled with the expedited development in information technology as well as the developed quality assurance system in Hong Kong.

Overview of the Percentage of Online Retail Sales Over Total Retail Sales in Key Countries, FY15/16-FY25/26E



	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22E	FY22/23E	FY23/24E	FY24/25E	FY25/26E
Hong Kong	2.9%	3.2%	3.5%	3.7%	5.0%	6.9%	6.1%	6.6%	7.3%	8.0%	9.0%
The PRC	12.9%	15.5%	19.6%	23.9%	25.8%	30.0%	32.3%	34.7%	37.8%	41.2%	45.4%
UK	13.9%	15.6%	16.6%	16.5%	17.3%	20.6%	22.1%	23.6%	24.9%	26.2%	27.8%
US	7.3%	8.2%	9.0%	9.8%	10.9%	13.9%	16.6%	18.9%	20.8%	22.3%	25.1%

Source: Frost & Sullivan

Notes:

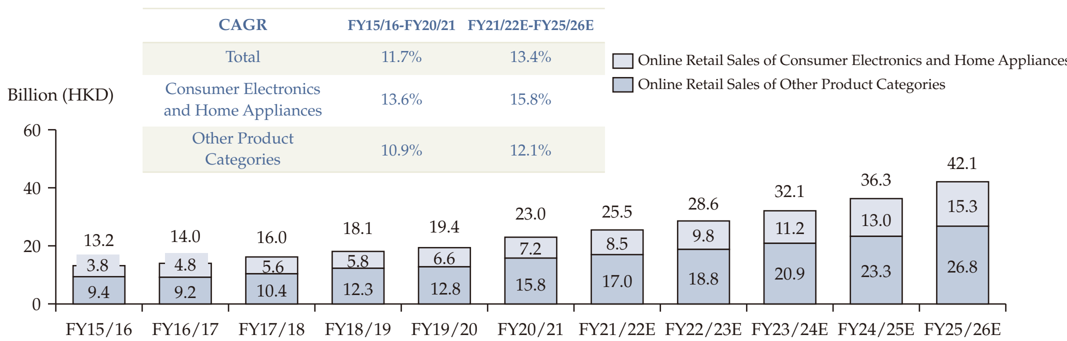
(i) Sales value of e-commerce platform in the travel sector is not included in the calculation.

(ii) The percentage of online retail sales over total retail sales of Hong Kong is calculated based on the data recorded for the year ended 31 March of each year, while that of The PRC, the UK and the US are based on data recorded for the year ended 31 December of each year

Market Size of Online Retail Sales

Consumer Electronics and Home Appliances has been one of the major product categories in the retail e-commerce industry in Hong Kong, accounting for approximately 31.3% of the total online retail sales for FY20/21, while medicines and cosmetics, and clothing, footwear and allied products, being two other major product categories, accounting for 34.4% and 18.7% of the total online retail sales for FY20/21 respectively. The online retail sales of Consumer Electronics and Home Appliances has attained HK$3.8 billion in FY15/16, owing to the emergence of both direct-to-consumer and marketplace platforms selling related products in the early 2010s, and has increased subsequently to HK$7.2 billion in FY20/21, representing a CAGR of approximately 13.6% during FY15/16 to FY20/21. It is expected to reach HK$15.3 billion in FY25/26, representing a CAGR of approximately 15.8% during FY21/22 to FY25/26. The growth rate of Consumer Electronics and Home Appliances market is expected to slightly outperform the e-commerce market as a whole, which is attributed to the following: (i) the establishment of e-commerce platform of the market participants of the Consumer Electronics and Home Appliances market has been comparatively recent, for instance major players in the Consumer Electronics and Home Appliances sector, apart from the Group, have only established their e-commerce platform since FY16/17, hence the room for growth is significant; and (ii) the adoption of OMO business model in the Consumer Electronics and Home Appliances sector has fostered a one-stop shopping experience for consumers, which contributes to an increased customer confidence and loyalty in purchasing electrical appliances with sophisticated specifications; and (iii) owing to the high logistics costs in Hong Kong, the higher basket value of Consumer Electronics and Home Appliances has resulted in a higher profit per transaction and transportation, favouring its long term development.

Online Retail Sales (Hong Kong), FY15/16-FY25/26E



Source: Frost & Sullivan

Notes:

(i) Sales value of e-commerce platform in the travel sector is not included in the calculation.

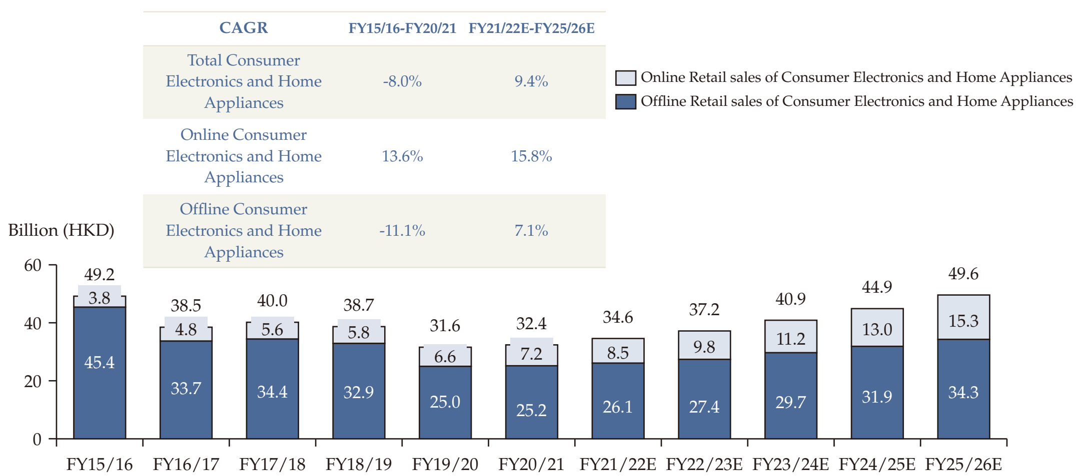
(ii) The market size is calculated based on the data recorded for the year ended 31 March of each year.

Market Size of Consumer Electronics and Home Appliances Market

During the early 2010s, the retail sales of Consumer Electronics and Home Appliances has increased acutely from HK$27.0 billion in FY10/11 to HK$50.5 billion in FY14/15. The prominent demand during the period was primarily attributed to the flourishing tourism industry with influx of visitors from the PRC and foreign countries, as well as a stable growth of local economy which has resulted in a high consumer spending. Along with the downturn in total retail value from HK$458.7 billion in FY15/16 to HK$332.7 billion in FY20/21, retail sales value of electronics and home appliances has declined in tandem from HK$49.2 billion in FY15/16 to HK$32.4 billion in FY20/21, representing a CAGR of -8.0%. Such decline is imputed to (i) the contraction in visitors arrival and tourism expenditure in recent years; (ii) turbulence in global and regional economy, resulting in a subdue economy and consumer spending; and (iii) the occurrence of social unrest and the outbreak of the COVID-19 in FY19/20 and FY20/21 respectively, which has further dampened the demand for Consumer Electronics and Home Appliances as well as other consumer durable goods.

Going forward, the recovery in the total retail sales value on the back of the containment of the COVID-19 in FY21/22, the rollout of supportive government policies including the electronic consumption voucher scheme, coupled with the establishment of e-commerce platforms of Consumer Electronics and Home Appliances companies during the 2010s, as well as the emergence of e-commerce B2C marketplace platforms selling Consumer Electronics and Home Appliances, are expected to drive the demand for purchasing such goods online on the back of the increasing convenience in purchasing bulky goods online owing to more developed logistics service in Hong Kong, coupled with the shift of consumption pattern to online. In turn, the contribution of the online retail sales of Consumer Electronics and Home Appliances channel to total retail sales has increased from 7.7% to 22.2% during to FY15/16 to FY20/21. The online retail sales of Consumer Electronics and Home Appliances has increased from HK$3.8 billion to HK$7.2 billion during FY15/16 to FY20/21, representing a CAGR of 13.6%, while the value of total retail sales of Consumer Electronics and Home Appliances is forecasted to gradually recover to pre-COVID-19 level and reach HK$49.6 billion in FY25/26. With the increasing burden on rental, utilities and administrative cost of operating offline retail stores of Consumer Electronics and Home Appliances, notable market participants have started shifting their businesses online while small-sized businesses have leveraged leading e-commerce B2C marketplace platform to amplify their market capture. Online retail sales of Consumer Electronics and Home Appliances are forecasted to grow continuously and reach HK$15.3 billion in FY25/26, representing a CAGR of 15.8% during FY21/22 to FY25/26, and the usage of e-commerce channel is expected to contribute to 30.8% of the total retail sales value of the Consumer Electronics and Home Appliances market in FY25/26.

Retail Sales of the Consumer Electronics and Home Appliances Market (Hong Kong), FY15/16-FY25/26E



Source: Frost & Sullivan

Notes:

(i) Sales value of e-commerce platform in the travel sector is not included in the calculation.

(ii) The market size is calculated based on the data recorded for the year ended 31 March of each year.

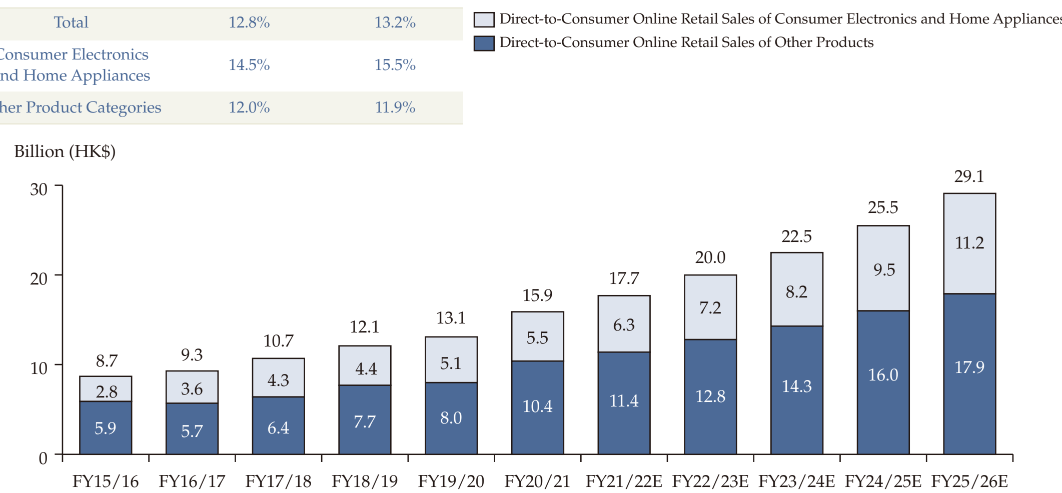
Market Size of E-commerce B2C Direct-to-Consumer Platform

E-commerce B2C direct-to-consumer platform is one of the major business models of the e-commerce market in Hong Kong. Online retail sales of e-commerce B2C direct-to-consumer platform in Hong Kong increased from HK$8.7 billion in FY15/16 to HK$15.9 billion in FY20/21, representing a CAGR of 12.8%. With the emergence of e-commerce platform specialising in particular types of product, it is expected that the online retail sales of e-commerce B2C direct-to-consumer platform would reach HK$29.1 billion in FY25/26 representing at a CAGR of 13.2% from FY21/22 to FY25/26.

The online retail sales of direct to consumer platform of Consumer Electronics and Home Appliances has increased from HK$2.8 billion to HK$5.5 billion during FY15/16 to FY20/21, representing a CAGR of approximately 14.5%. It is expected to reach HK$11.2 billion in FY25/26, representing a CAGR of approximately 15.5% during the forecast period of FY21/22 to FY25/26.

Online Retail Sales of Direct-to-Consumer Platform (Hong Kong), FY15/16-FY25/26E

CAGR	FY15/16-FY20/21	FY21/22E-FY25/26E
Total	12.8%	13.2%
Consumer Electronics and Home Appliances	14.5%	15.5%
Other Product Categories	12.0%	11.9%



Source: Frost & Sullivan

Notes:

(i) Sales value of e-commerce platform in the travel sector is not included in the calculation.

(ii) The market size is calculated based on the data recorded for the year ended 31 March of each year.

Market Size of E-commerce B2C Marketplace Platform

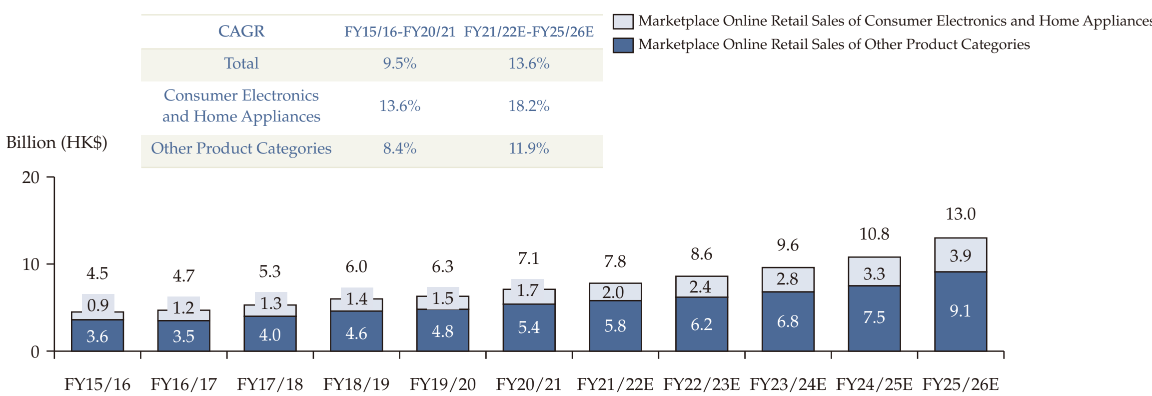
Online retail sales of marketplace platforms in Hong Kong increased from HK$4.5 billion in FY15/16 to HK$7.1 billion in FY20/21, representing a CAGR of 9.5%. It is expected that the market size of e-commerce B2C marketplace platforms would reach HK$13.0 billion in FY25/26, representing a CAGR of 13.6% from FY21/22 to FY25/26.

The online retail sales of marketplace Consumer Electronics and Home Appliances has increased from HK$0.9 billion in FY15/16 to HK$1.7 billion in FY20/21, representing a CAGR of approximately 13.6%.

In recent years, increasing number of small and medium sized merchants with limited sufficient operational and technological capability to develop their own e-commerce platform, are alternatively looking for e-commerce B2C marketplace platforms to facilitate transaction and reach potential customers.

Auxiliary services provided by these marketplace platforms such as logistics arrangement and information services, supply-chain financing and data analytics and industry information services, further incentivise merchants to sell them online channels/market places. In turn, the increasing establishment of e-commerce B2C marketplace platforms, especially in the Consumer Electronics and Home Appliances, medicines and cosmetics, clothing, footwear and allied products and grocery sector, is expected to contribute to the prominent growth rate in the forecast period. The market size of the Consumer Electronics and Home Appliances is expected to reach HK$3.9 billion in FY25/26, representing a CAGR of approximately 18.2% during the forecast period of FY21/22 to FY25/26.

Online Retail Sales of Marketplace Platform (Hong Kong), FY15/16-FY25/26E



Source: Frost & Sullivan

Notes:

(i) Sales value of e-commerce platform in the travel sector is not included in the calculation.

(ii) The market size is calculated based on the data recorded for the year ended 31 March of each year.

Growth Drivers of Hong Kong E-commerce Industry

1. Increasing consumer preference towards online shopping

In recent years, on the back of the acceleration of speed of internet and the development in information infrastructure, consumers are becoming digital savvy and rely on personal electronic devices to browse and undergo their consumption journey on the internet and to leverage digital wallets to settle payments. In light of the outbreak of the COVID-19, consumers have avoided unnecessary social contact, which noticeably shifted consumers preferences to purchase online and particularly on groceries and personal hygiene products. As value for money, ease of shopping experience and brand credibility are few essential criteria for consumers in Hong Kong, the continuous enhancement of e-commerce platform shall fulfill the requirement from the customers, thereby spurring the consumer preference towards online shopping in the coming few years.

2. *Emergence of local online retail platforms*

E-commerce platforms from foreign and the PRC e-commerce platforms without local establishment in Hong Kong, despite their exclusion of contribution to the online retail sales in Hong Kong, have contributed to changing the consumer behaviour towards online purchase in Hong Kong through their long development history and developed service offerings. Nevertheless, foreign e-commerce platforms may not be able to address the need of local consumers in Hong Kong due to the limited selection of brands and constrained provision of responsive logistics and customer services as compared to local platforms, local platforms are customised to fulfill the need of Hong Kong people with holistic logistics support and telecommunications infrastructure, credible authorised dealer products and wide ranges of products selection. Thus, their emergence can attract more local people to shop online and drive market expansion.

3. *Improvement of delivery and fulfillment model*

The high cost and effort in managing the complicated supply chain on delivery and fulfilment used to be the barrier of e-commerce development in Hong Kong as our logistics model has been shaped to fit in transitional retail system from offline to online. With the continuous upgrades of technology and hardware of businesses, delivery efficiency is greatly improved and the cost of operation is much lower. This helps improve unit economics and allow them to offer a lower delivery cost to attract customers. Given the last-mile efficiency problem and the tremendous growth of parcels due to the rise of e-commerce, the use of e-lockers and cooperation with a network of offline stores (such as convenient stores) is gaining popularity as retailers and logistics providers look for more efficient and cost-effective ways to deliver packages. The use of e-lockers and cooperation with other offline stores optimizes deliveries through a network of intelligent e-lockers and offline stores, which increases the number of pick up points and offers better customer satisfaction. In addition, the use of e-locker and cooperation with offline stores helps logistic companies to save labour cost, which creates rooms for logistic companies to reduce delivery cost to be charged to e-commerce platforms/consumers. Big-data analytics makes sense of critical data to help businesses understand their operations and shopping behavior of customers. It helps businesses make projections of the demand for e-locker services in certain regions so they can meet the needs of customers by extending the coverage of the network of intelligent e-lockers, which further lower the delivery cost and shorten the delivery time. Accordingly, the overall delivery efficiency and customer satisfaction is improved, thus enhancing the development of e-commerce business.

4. *Advancements of online payment system*

Concerns over online payment has been one of the reasons Hong Kong consumers are relatively resistant towards e-commerce. Advancement of technology and cyber security boosts consumer confidence in online payment. At the same time, the emergence of third-party payment companies which offer different payment solutions and escrow services, improve customer satisfaction on online shopping processes.

5. Growing opportunities of cross-border e-commerce with Hong Kong as an origin

The requirement of consumers when selecting Consumer Electronics and Home Appliances is generally higher than common consumer goods due to the greater complexity of design and operating mechanism, safety concerns and variation on quality assurance scheme in different region. Hong Kong is a preferred shopping destination for consumer electronics due to an established and credible quality assurance framework under the Electrical Products (Safety) Regulation (Cap.406). The Electrical Products (Safety) Regulation requires that all electronic products and equipments sold in the Hong Kong market must be properly designed, constructed, labeled, assembled, connected, and insulated to avoid any electrical and non-electrical hazards that might pose a threat to consumers under proper usage. Given the positive perceived benefits of purchasing Consumer Electronics in Hong Kong, including (i) a wide range of brands selection from East Asia, Europe and the U.S. are available in Hong Kong; (ii) proliferation of authorised dealer products with manufacturer's warranty provided as compared to foreign countries and the PRC; (iii) an established reputation worldwide; (iv) holistic logistics support and telecommunications infrastructure on e-commerce platform for overseas buyers; and (v) Hong Kong's proximity to the PRC has enabled a comprehensive understanding of consumers from the PRC, the demand for cross border e-commerce of purchasing Hong Kong Consumer Electronics and Home Appliances.

Key Trends

1. Market consolidation

With the gradual expansion of the e-commerce industry in Hong Kong, large-scale market participants are expected to capture a larger market share due to their capabilities to provide integrated one-stop services, established relationship with suppliers and developed customer loyalty and reputation, whereas small-scale companies may be driven out of the market due to their limited technological and operational capability and low bargaining power. Further, consumers in this industry often prefer and refer to large-scale and notable market participants, which further favour market consolidation for large-scale companies. Players in this industry have been seeking horizontal and vertical business expansions, so as to diversify their revenue streams. Such integration would strengthen the market positions of sizable players as well as lowering operational and management costs. Accordingly, the industry is expected to be more consolidated in the next several years.

2. Growth of influencer marketing

The growth of influencer marketing witnessed an ascending trend and became one of the most impactful market drivers and trends for the online retailing industry. Given that more people are taking cues from social media about what and where to buy, influencers now wield significant influence over customers' spending behavior. Influencers can quickly build relationships, trust and credibility with their fans, followers and friends that respect and value their content and recommendations. They also greatly improve brand awareness by putting their advice in front of an actively engaged audience. At the same time, valuable content can add to their social media presence, ensuring value creation on both sides. In addition, through relevant influencers, the content is placed in front of users that are already interested in the fashion or beauty market. Connecting and engaging with an influencer can build a powerful relationship and assist innovative online retailers to reach their target audience and further expand their business.

3. Optimisation of e-commerce supply chain

Leading e-commerce merchants continued to optimise their supply chain by leveraging advanced technologies, such as big data analytics and service-as-a-software platform. In regard to customer relationship management, it is increasingly common for e-commerce merchants to connect potential and existing customers through rewards and subscription program across various touch points i.e. online website, offline point-of-sales, mobile application to garner customer demographics and purchasing behaviour. E-commerce merchants are able to leverage the information internally to formulate strategies such as establishing targeted and personalised marketing on valued customer group. Likewise and in terms of inventory management, e-commerce merchants could utilise such database to predict precisely the inventory needs with changes in seasonality and the changing mix of customer base to reduce the burden of heavy inventory. Besides, the service-as-a-software platform, such as cloud platform, can assist e-commerce merchants in managing real time data efficiently by integrating front-end customer information and purchase record into back-end infrastructure in deriving intelligence and strategies. In turn, the advancement in technology is becoming a conducive new trend in increasing the customer engagement of e-commerce merchants.

COMPETITIVE LANDSCAPE

Overview of Market Competition and Market Concentration

The retail market in Hong Kong is fragmented and highly competitive with a large number of market participants (i.e., over 62,000 market players on 31 March 2021). Market players in the retail market operates in various business model, including offline brick-and-mortar stores, online e-commerce platforms and a mix of offline and online platforms.

E-commerce platform as an emerging business model, has been adopted by increasing number of retail establishments in recent years, as the online business landscape has been continuously underpinned by the shifting consumer preference towards online and the expedite development in digital infrastructure. As at 31 March 2021, there are over 7,500 market players participating in the e-commerce sector. As our Group primarily focuses in Consumer Electronics and Home Appliances products, our Group faces competition from online and offline retailers that sell similar products.

Given the top players’ brand recognition, customer base and operational experience, they have strong competitive edges to expand the online retailing market within their business network over other competitors.

On the other hand, Online-Merge-Offline (OMO) business model has been increasingly adopted by market participants in the retail market in Hong Kong. As at 31 March 2021, there were over 3,200 market players with established presence in both online and offline retail market, with over 15% of these players adopting the OMO business model.

Market participants in Hong Kong adopted the OMO business model with different business objectives and initiatives, including but not limited to:

(i) diversifying stream of revenue. Leveraging system integration between online and offline platforms, market participants adopting the OMO model are able to transcend the boundaries and heterogeneity between online and offline channels and provide customers with convenience to go through their purchase in point-of-sales offline stores or digital e-commerce platforms in accordance with their preference. System assimilation between online and offline platforms enables real-time synchronisation and display of pivotal information to customers, regardless of their purchase location, such as, purchase record, product delivery status, automatic and dynamic price information, membership status and loyalty system and promotion offerings, as well as a centralized database where merchants are able to formulate data-driven and personalized customer service through both online and offline platform in an integrated manner, and an internal real-time cross-platform inventory management system;

(ii) market participants with only online establishments are looking to leverage the introduction of offline retail stores to strategically amplify the brand awareness of their existing online platform, as retail stores are effective in influencing pedestrians and establishing in-person relationship with customers requiring hands-on trial and evaluation, which is particularly crucial in the Consumer Electronics and Home Appliances segment due to the complexity of electrical appliances. OMO merchants implement promotional strategies across online and offline platforms in order to provide online and offline users alternative to experience the integrated one-stop purchase journey; and

(iii) market participants with only online establishments are looking to establish geographical dispersed retail stores, which primarily serve as logistics stations, where warehousing, distribution and dispatchment or pick-up at physical take place. OMO merchants incorporate online and offline platform by offering customers the flexibility to opt for store-to-door delivery or pick-up at logistics stations, regardless of their purchase locations.

Ranking and Market Share

Online retail sales platform refers to e-commerce platform established in Hong Kong

In general, the e-commerce platform market is primarily led by market players offering sales of grocery items, Consumer Electronics and Home Appliances and fashion and cosmetic products. The leading players in the industry in Hong Kong are mainly Hong Kong-based players while international players with established platforms in Hong Kong also contribute to a certain proportion.

Our Group attained approximately 34.0 million website traffic for the year ended 31 March 2021.

Ranking of E-commerce Platform by Website Traffic in Hong Kong, for the year ended 31 March 2021

Rank	Market participant	Estimated Website Traffic in million for the year ended 31 March 2021
1	HKTV Mall	39.8
2	The Group	34.0
3	Fortress	22.5
4	ParknShop	10.6
5	Watsons	10.3

Source: Frost & Sullivan

In the Consumer Electronics and Home Appliances sector, the top 5 industry players are all Hong Kong-based companies. All the top 5 players offer an omnichannel sales platform i.e. both physical store and e-commerce platforms. Physical stores serve the purpose of display showroom for customers trial and testing and after-sales services. The multi-pronged approach enable such players to reach various types of customers.

Some industry players specialise in home and kitchen appliances, some specialise in consumer electronics, audio-video equipment and communication devices, while leading players offer a variety of Consumer Electronics and Home Appliances to reach a wider customer base. Our Group ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic for the year ended 31 March 2021.

Ranking of E-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, for the year ended 31 March 2021

Rank	Market participant	Estimated Website Traffic in million for the year ended 31 March 2021
1	The Group	34.0
2	Fortress	22.5
3	Built-in Pro	3.4
4	HK Suning	2.4
5	Broadway Lifestyle	1.8

Source: Frost & Sullivan

Note: E-commerce merchants with a primary focus on Consumer Electronics and Home Appliances refer to companies with majority of revenue generated from the sale of of Consumer Electronics and Home Appliances.

Ranked by the online retail sales for the year ended 31 March 2021, the total retail e-commerce market as a whole is fairly fragmented, with the top 5 industry players accounting for 21.5% of the total market share. Our Group recorded an online retail sales of HK$413.5 million, accounting for 1.8% of the market share of online retail sales for the year ended 31 March 2021 in Hong Kong.

Ranking and Market Share of E-commerce Platform in Hong Kong by Online Retail Sales, for the year ended 31 March 2021

Rank	Market participant	Estimated online retail sales for the year ended 31 March 2021 (HK$ Million)	Market share (%)
1	HKTV Mall	3,196.6	13.9%
2	ParknShop	563.0	2.4%
3	The Group	413.5	1.8%
4	Watsons	410.0	1.8%
5	Zalora	374.3	1.6%
	Sub-total	4,957.4	21.5%
	Total	23,000.0	100%

Source: Frost & Sullivan

Ranked by the online retail sales for the year ended 31 March 2021, the Consumer Electronics and Home Appliances e-commerce market is fairly fragmented, with the top 5 industry players accounting for 16.6% of the total market share.

Our Group recorded the highest online retail sales of Consumer Electronics and Home Appliances of HK$403.9 million, accounting for 5.6% of the market size of online retail sales of Consumer Electronics and Home Appliances for FY20/21 in Hong Kong.

Ranking and Market Share of E-commerce Platform in Hong Kong by Online Retail Sales of Consumer Electronics and Home Appliances, for the year ended 31 March 2021

Rank	Market participant	Estimated online retail sales for the year ended 31 March 2021 (HK$ Million)	Market share (%)
1	The Group	403.9	5.6%
2	HKTV Mall	393.2	5.5%
3	Fortress	313.9	4.4%
4	Built-in Pro	48.8	0.7%
5	HK Suning	34.6	0.5%
	Sub-total	1,119.4	16.6%
	Total	7,200.0	100%

Source: Frost & Sullivan

Details of the major market players are set out as below:

Background	Year of establishment of E-commerce platform in Hong Kong	Major product category	Major E-commerce sales model	Key geographical presence	Market share of Ecommerce Platform in Hong Kong by Online Retail Sale	Market share of Ecommerce Platform in Hong Kong by Online Retail Sales of Consumer Electronics and Home Appliances
HKTV Mall is a listed e-commerce operator established in 2015, A variety of product categories are offered including but not limited to grocery items, Consumer Electronics and Home Appliances, skincare and makeup.	2015	Grocery, beauty and health, Consumer Electronics and Home Appliances	Marketplace and Direct to Consumer	Hong Kong	13.9%	5.5%
Fortress is a Consumer Electronics and Home Appliances retailer and is a retail brand of a listed company in Hong Kong with retail shops established in Hong Kong. An online e-commerce platform was established in recent year.	2017	Consumer Electronics and Home Appliances	Direct to Consumer	Hong Kong	1.4%	4.4%
ParknShop is a supermarket chain and is a retail brand of a listed company which previously focused on brick-and-mortar grocery retailing. E-commerce is established in 1998 to expand the coverage.	1998	Grocery, beauty and health	Direct to Consumer	Hong Kong, The PRC	2.4%	N/A
Watsons is a beauty and health retail chain and is a retail brand of a listed company operating in Hong Kong and across Asian and European regions. Meeting market demand for online shopping, the brand launched its online store and developed Online-to-Offline strategy for better customer experience.	2013	Beauty and health	Direct to Consumer	Hong Kong, The PRC, South East Asia	1.8%	N/A

Background	Year of establishment of E-commerce platform in Hong Kong	Major product category	Major E-commerce sales model	Key geographical presence	Market share of Ecommerce Platform in Hong Kong by Online Retail Sale	Market share of Ecommerce Platform in Hong Kong by Online Retail Sales of Consumer Electronics and Home Appliances
Built-in Pro is a Consumer Electronics and Home Appliances retailer with primary focus on kitchen and home appliances targeting users who need are home refurbishments.	2018	Consumer Electronics and Home Appliances	Direct to Consumer	Hong Kong	0.2%	0.7%
HK Suning is a Consumer Electronics and Home Appliances retailer in Hong Kong, which is a subsidiary company of a listed company in the PRC. Beauty and health and grocery products are the business focus as well.	2016	Consumer Electronics and Home Appliances, beauty and health, grocery	Marketplace and Direct to Consumer	Hong Kong, The PRC	0.2%	0.5%
Broadway Lifestyle is a Consumer Electronics and Home Appliances retailer with retail shops located in Hong Kong. An online e-commerce platform was established in 2016.	2016	Consumer Electronics and Home Appliances	Direct to Consumer	Hong Kong	0.1%	0.4%
Zalora is an e-commerce operator since 2013 in Hong Kong and the Asia region for fashion and beauty products, offering fashion, accessories, footwear and cosmetics for men and women.	2012	Fashion, beauty and health	Marketplace and Direct to Consumer	Hong Kong, South East Asia	1.6%	N/A

Note: ParknShop, Watsons and Zalora have no or very minimal engagement in the Consumer Electronics and Home Appliances sector

Nature and Factors of Market Competition

1. Customer loyalty and reputation

Apart from availability and variety of products, nurturing customer loyalty ensures a sustainable source of income. Loyal customers are more willing to spend generously and repeatedly due to their positive prior purchase experience. These customers are also more likely to refer new customers to the service providers. Notable industry players are proficient in offering personalised content, product recommendations and incentivised and targeted promotions to attain loyal customers in both online and offline platforms. In the long run, service providers that engage actively in loyalty building program could establish business credibility and reputation, which in turn amplify the competitive advantage over other competitors.

2. Auxiliary and after-sales service

In general, auxiliary and after-sales services exert additional burden to operators, however if well-managed, could act as an important differentiation from other competitors. After-sales services offer positive and continuous engagements between buyers and sellers. Service offerings such as product insurance, free exchange or return of goods, delivery notifications, satisfaction surveys, review systems, personal and one-to-one customer support and post-purchase recommendations and communications could elevate brand identity, and customer loyalty which eventually turn into revenues and profits.

3. Technological capability

The technological capability and requirement of e-commerce operator is generally higher considering the dynamic digital environment. In terms of design capability, a well-organised web interface could facilitate smooth and barrier-free transaction and information seeking experience of customers and serve as an impetus to induce conversion of salience into purchases. Further, analytical capability is vital in respond to the myriad of customers and transaction records. The accumulation of technology capability and large amount of data could translate into business decisions and arrange proper strategy to target potential internet users. Stability of Infrastructure, for instance, the minimisation of browsing and navigating errors and a stable internet server safeguard a satisfied purchase experience of customers. Therefore, new industry entrants may encounter difficulties to be acquainted to technology hindrance to satisfy the demand from the customers.

Entry Barrier

1. Economies of Scale

Economies of scale is critical for e-commerce operators to garner strategic edges and operational efficiency over the competitors. In terms of product sourcing, sizeable businesses enjoy the benefit of reduced unit cost on procurement and preferential shipping cost with bulk and high volume sourcing of goods at each purchase. In regard to technological capability, larger businesses leverage capital to invest in advanced technology to streamline operating procedures and enhance efficiencies, such as warehousing, logistics, customer relationship and enterprise resources management system. In terms of financing, sizeable businesses are having greater business credibility and hence subject to more favourable rates of borrowing. Accordingly, more established businesses are solidified and are less vulnerable to external threats under fierce market competition with a greater opportunity to generate higher return on capital investment.

2. Established relationship with suppliers

In order to maintain competitiveness, e-commerce B2C direct-to-consumer platforms shall maintain positive relationship with key suppliers. Such established relationships may secure a reliable and up-to-date sourcing of products from suppliers. In particular in the consumer electronics and home appliances sector, customers often assess criteria such as the price and the availability of various models and products. E-commerce B2C direct-to-consumer platforms that are able to procure popular and adequate goods from suppliers at a competitive price are capable of meeting customers demand at a competitive price offering, which in turn elevate overall profitability and business sustainability.

3. Operational capability

Established e-commerce operators standardise operations with protocols and formulated procedures in dealing with a very large amount of transactions. To suppliers, proficient control of lead time and supplying schedule secure a stable source of goods and avoid popular items to be sold out. To customers, an efficient, timely and reliable delivery schedule, coupled with comprehensive and organised auxiliary and after sales customer services, often requires extensive training and operational experience. With long-term operation of e-commerce B2C direct-to-consumer platforms, the participants have fostered a strong operation and management team as well as skillful technician reserve and obtained sufficient operation experience with high efficiency and quality services around the globe. New entrants without the accumulated long-term experience scarcely have operational capability to manage online direct-to-consumer platforms effectively.

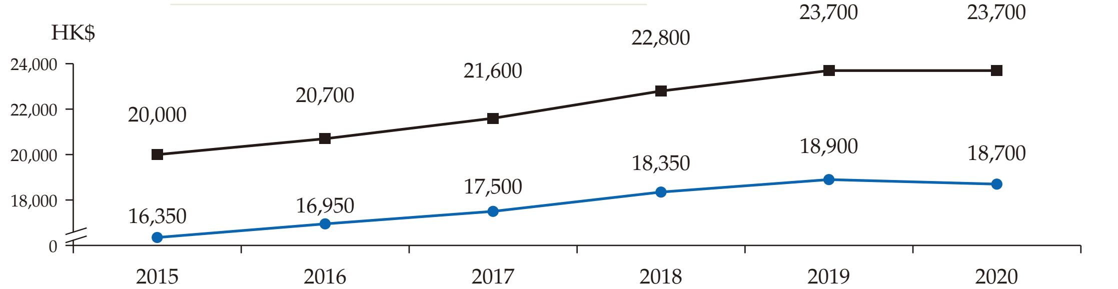
Cost Analysis

Compared to brick-and-mortar retailers, e-commerce service providers have a different cost structure in the expenses on rent, utilities and hiring of on-site labour of offline retail stores.

Information and communication and logistics-related personnel are two main types of labour involved in the e-commerce industry. According to the Census and Statistics Department of Hong Kong, the average monthly wage of information and communication personnel has increased from HK$20,000 per month to HK$23,700 per month during 2015 to 2020, representing a CAGR of approximately 3.5%. The average monthly wage of logistics-related personnel in Hong Kong has seen a moderate growth from approximately HK$16,350 per month in 2015 to approximately HK$18,700 per month in 2020, representing a CAGR of 2.7%. The growth of average monthly wages is mainly due to the increase in level of minimum wage level in Hong Kong, as well as the increased demand for workers in the industry.

Average monthly wages of logistics-related and information and communications personnel (Hong Kong), 2015-2020

CAGR	2015-2020
Information and Communication Personnel	3.5%
Logistics-related Personnel	2.7%



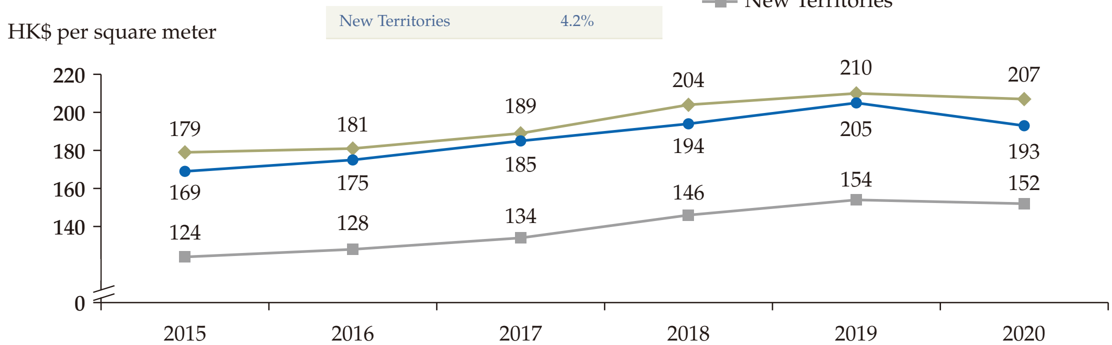
Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Note: Logistics-related personnel include workers engaging in import and export trade sector, as well as other transportation, storage, postal and courier services sector.

The average monthly rental cost per square meter of warehousing space in Hong Kong has increased over the past 5 years. Due to industrial concentration in Kowloon in the past decades, flatted factories which are used as warehousing space are primarily located there. Kowloon rental price has been the highest amongst the three locations, with HK$179 per square meter recorded in 2015 increased to HK$207 per square meter in 2020, representing a CAGR of approximately 2.7%. The comparatively higher level of industrial building concentration in the Kowloon districts, such as the Kwun Tong and Sham Shui Po Industrial Area, coupled with the active revitalisation program for industrial buildings in Kowloon, have contributed to a greater rental rate, which shed light on the highest renal cost among the three regions. Meanwhile in Hong Kong Island, rental price has increased from HK$169 per square meter recorded in 2015 to HK$193 per square meter in 2020, representing a CAGR of approximately 2.9%. New Territories has registered the most affordable rate, with HK$124 per square meter recorded in 2015 increased to HK$152 per square meter in 2020, representing a CAGR of approximately 4.2%.

Average Monthly Rental Cost per Square Meter of Warehousing Space (Hong Kong), 2015-2020

CAGR	2015-2020
Hong Kong Island	2.9%
Kowloon	2.7%
New Territories	4.2%



Source: Rating and Valuation Department of Hong Kong, Frost & Sullivan

Impact of COVID-19 to the industry

The Hong Kong economy has been heavily impacted by the outbreak of COVID-19 since January 2020, which has led to a stagnant economy and decreased spending on non-essential commodities and services. Further, according to the Census and Statistics Department of Hong Kong, the real GDP in Hong Kong has declined from HK$2,865.7 billion in 2019 to HK$2,710.7 billion in 2020, representing a year-on-year decline of approximately 5.4%. The total value of retail sales has plummeted from HK$386.2 billion in FY19/20 to HK$332.7 billion in FY20/21, representing a year-on-year decline of approximately 13.9%.

Nevertheless, the online retail sales has outperformed the overall Hong Kong economy, with an year-on-year increase of approximately 18.6% recorded from FY19/20 to FY20/21, while the category of Consumer Electronics and Home Appliances has increased by 9.1%. Since the outbreak of COVID-19, pandemic prevention and control policies such as social distancing and quarantine measures have been strictly implemented, where citizens have gradually switched from brick-and-mortar purchase to online purchase, thereby underpinning the e-commerce industry in Hong Kong. Attributed to a decline in customer footfall, numbers of brick and mortar retailers instigated online model to establish alternative connection with customers with a view to recover sales and boost customer participation. Sales promotion, live streaming and online advertisement have been the predominant way to reach potential customers. E-commerce B2C marketplace platforms have also launched a series of supportive policies to guide merchants' online sales and operation, including cost reduction, technological support and e-commerce training, which played a critical role in promoting online retailing.

Overall, the accelerated shift from offline to online from both the supply and demand side caused by COVID-19 has jointly driven the overall e-commerce salience and adoption. Coupled with few continuous growth drivers such as high Internet and smartphone penetration, improved payment and logistic infrastructure, and increasing consumer confidence and loyalty in online transactions, the uptrend of the e-commerce market in Hong Kong is anticipated to sustain in the coming years.

Introduction to Cross-Border E-commerce in the PRC and Hong Kong

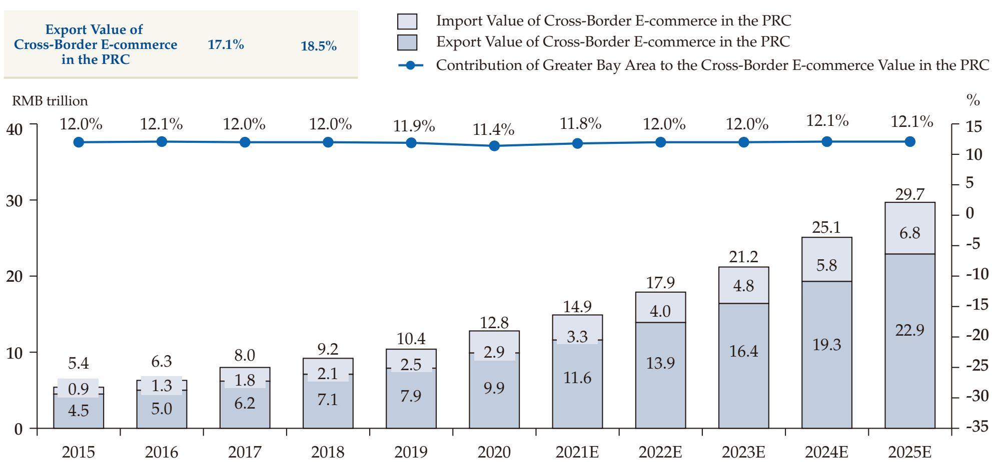
Cross-border E-commerce is a form of international trade where consumers purchase online from merchants located in other countries and jurisdictions.

Cross-border E-commerce in the PRC has been growing significantly in recent years. The number of people carrying out cross-border online shopping in the PRC has increased from 22.0 million to 43.2 million during FY15/16 to FY20/21, representing a CAGR of approximately 14.4%. It is expected to reach approximately 89.9 million in FY25/26, representing a CAGR of approximately 15.3% during FY21/22 to FY25/26. Further, the total market size by revenue of cross border E-commerce in the PRC has increased from RMB5.4 trillion in FY15/16 to RMB12.8 trillion in FY20/21, representing a CAGR of approximately 18.8%, and is seeing an ample room for growth in the coming few years, with an CAGR of approximately 19.0% forecasted during FY21/22 to FY25/26. Further, the Greater Bay Area, consisting of Hong Kong, Macau and nine other economically vibrant municipalities in the Guangdong province, has been serving as a strategic location contributing to the country's implementation of innovative-driven reform and open-up. The Greater Bay Area has accounted for approximately 11.4% of the cross-border

E-commerce value in the PRC in FY20/21. The continuous improvement in business environment, information technology capabilities and infrastructural connectivity in the area, is expected to propel the development of the Greater Bay Area, with its contribution to the cross-border E-commerce value in the PRC expected to reach 12.1% in FY25/26.

Market Size by Revenue of Cross Border E-commerce in the PRC, FY15/16-FY25/26E

CAGR	FY15/16-FY20/21	FY21/22E-FY25/26E
Total Value of Cross-Border E-commerce in the PRC	18.8%	19.0%
Import Value of Cross-Border E-commerce in the PRC	26.4%	19.8%
Export Value of Cross-Border E-commerce in the PRC	17.1%	18.5%



The significant growth is attributable to, among others, (i) the amount of disposable income per capita nationwide in the PRC having increased from approximately RMB21,966 in 2015 to approximately RMB32,189 in 2020, representing a CAGR of 7.9%. The improved living standards have thereby stimulated the total expenditure of purchasing various consumer goods abroad; (ii) the expedited development of software and hardware infrastructure in the aspect of information technology and logistics delivery have collectively driven the variety of sellers and products available on the supply side, and the increasing engagement of consumers from the demand side; (iii) the growing reliance on the internet and web-based application and the use of mobile devices in general have created more opportunities for the overall E-commerce industry; and (iv) the supportive government measures, such as the promulgation of "Circular on the Work of Promoting the Healthy and Rapid Development of Electronic Commerce", with free trade zones established across the PRC where goods are imported and exported with minimal or no customs duty, have contributed to the accelerated flow of products inbound and outbound. In particular in the Greater Bay Area, all nine cities apart from special administrative regions, have been included as Cross-Border E-Commerce Comprehensive Pilot Zones in 2020.

In view of the booming cross-border E-commerce in the PRC, many cross-border E-commerce import and export services platforms are proactively looking for intermediaries to facilitate product sourcing and transactions, considering the potential risk of encountering language barriers, the lack of guarantee of product quality, delays in delivery, loss and seizure of products and tax evasion. Various strategic advantages of Hong Kong including established legal and financial system, global and regional networking with proximity to the PRC, coupled with efficiency in logistics and information management system, has made Hong Kong a leading transshipment port, particularly serving as a re-export gateway channeling product from the PRC and South East Asia to reach abroad and vice versa. Given the increasing flow of merchandises worldwide, supportive policies by government, expedite development on information system, and the strategic competitive edges of Hong Kong, Hong Kong shall serve as a facilitator to bridge the gap between Asia-Pacific and European countries through cross-border E-commerce platforms and is expected to become increasingly crucial to fulfill the role in the coming few years. Apart from serving as intermediaries, E-commerce merchants in Hong Kong are also increasingly active in establishing B2C and B2B relationship with businesses and consumers from the PRC, especially with consumers from the PRC cities located in the Greater Bay Area, owing to the proximity to Hong Kong. The opportunity is continuously driven by the improvement of logistics infrastructure between Hong Kong and other cities in the Greater Bay Area, wide variety of brands provided by retailers in Hong Kong and the credible and reputable quality assurance system maintained and underpinned by the government and retailers in Hong Kong.

Market Drivers and Trends of Cross-Border E-commerce

1. Expedited Development of Information System

Prominent information systems have fostered the circulation of information and trading of goods around the globe. For sellers and traders, the improvement of data science and cloud services have enabled cross-border merchants to track and analyse consumption behaviour of international buyers to formulate expansion strategies that reach more potential customers. Artificial Intelligence and machine learning is conducive for sellers to organise consumption insights and personalise customer experiences. In terms of payment methods, third-party payment service providers have emerged to facilitate convenient and efficient payment procedures enabling a variety of payment methods, such as credit card, direct debit, bank transfer and online banking. Third-party payment service providers also offer additional services such as risk management services, transaction payment matching, fund remittance and fraud protection, which collectively formed a secured and streamlined payment procedure for sellers and buyers. With the increasing processing ability and ease of usage of the internet, growing number of local and cross-border e-commerce platform is expected to be established in Hong Kong with greater online involvement of consumers locally and abroad.

2. Bottlenecks of Traditional Export Trade

Global consumers are accustomed to purchase products from cross-border online retailers. Compared to traditional retail sales, it shortened the intermediate links of trade and reduced the cost of commodity circulation. Besides, it overcomes the bottleneck in expansion, inefficiency, and information asymmetry of the traditional export trade. Additionally, the traditional export trade has been entering into stagnation with the decline in traditional trade activities due to the outbreak of COVID-19. Therefore, the depression of traditional export trade and outbreak of COVID-19 are expected to bring upon huge potential opportunities for cross-border online retailers.

3. Emergence of Intermediary Facilitators

In the past, local companies may find hindrance tapping into foreign e-commerce market, while the emergence of intermediary facilitators has eased the challenge. In particular, when Hong Kong brands with limited knowledge in the PRC market but wishing to tap into the cross-border e-commerce business there, these brands may involve one-stop intermediary facilitator which offers advisory services such as systems integration, product sourcing, financing guarantees, customs declaration and commodity inspection, marketing and promotion, data analytics, logistics and delivery and product traceability. These facilitators perform as an agent for Hong Kong local e-commerce brands to manage operations in e-commerce platforms in the PRC. As such, the emergence of intermediary platforms has mitigated the constrains between geographical boundary, hence propelling the development of the cross-border e-commerce market.

Entry barriers of cross-border e-commerce include (i) logistics, (ii) payment, (iii) cultural difference, and (iv) customer services. Logistics often involve freight forwarding and warehousing services providers where costs and administrative procedures are incurred. Payment refers to the availability of multiple practicable & convenient e-payment methods, where handling fees are required. As for cultural difference, consumption behaviour, lifestyles and demographics may vary significantly, further analysis and localised strategies are required. Customer services are differentiated in the areas around existence of language and culture barriers and time zone difference. A multi-national, round-the-clock customer service is highly valued.

DIRECTORS' CONFIRMATION

Our Directors, after due and reasonable consideration, are of the view that there has been no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information therein.

OVERVIEW

This section sets out an overview of material laws and regulations applicable to the operations of our Group in Hong Kong, as well as the PRC, which is another key jurisdiction where we derive our revenue from. Information contained in this section should not be construed as a comprehensive summary of all the laws and regulations applicable to our Group.

LAWS AND REGULATIONS IN HONG KONG

A. Law Specific to Products Sold by our Group

Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) (the "Consumer Goods Safety Ordinance")

The Consumer Goods Safety Ordinance is enacted to impose a duty on manufacturers, importers and suppliers of certain consumer goods to ensure that the consumer goods they supply are safe.

The following goods are not covered by the Consumer Goods Safety Ordinance: (a) food and water; (b) pleasure craft and similar vessels; (c) aircraft (other than hang-gliders); (d) motor vehicles; (e) gas, liquefied petroleum gas containers, gas appliances, gas fittings and flexible gas tubing, as defined under the Gas Safety Ordinance (Cap. 51); (f) electrical products; (g) pesticides; (h) tobacco and tobacco products; (i) pharmaceutical products, poisons and antibiotics; (j) traditional Chinese medicines; (k) toys and children's products within the meaning of the Toys and Children's Products Safety Ordinance (Cap. 424); and (l) any other goods the safety of which is controlled by specific legislation.

The Consumer Goods Safety Ordinance prohibits a person from supplying, manufacturing, or importing into Hong Kong consumer goods unless the consumer goods comply with the general safety requirement or an approved standard for consumer goods. Currently there is no approved standard which has been approved in any regulation to the Consumer Goods Safety Ordinance.

The general safety requirement is that the consumer goods are reasonably safe having regard to all of the circumstances, including (a) the manner in which, and the purpose for which, the consumer goods are presented, promoted or marketed; (b) the use of any mark in relation to the consumer goods and instructions or warnings given for the keeping, use or consumption of the consumer goods; (c) reasonable safety standards published by a standards institute or similar body for consumer goods of the description which applies to the consumer goods or for matters relating to consumer goods of that description; and (d) the existence of any reasonable means (taking into account the cost, likelihood and extent of any improvement) to make the consumer goods safer.

Contravention with the above requirement is a criminal offence and the offender is liable on first conviction to a fine at HK$100,000 and to imprisonment for one year, and on subsequent conviction to a fine of HK$500,000 and to imprisonment for two years.

It is a defence to the above offence if the commission of the offence was due to (a) the act or default of another person or reliance on information given by another, and (b) that it was reasonable in all the circumstances for him to have relied on the information, having regard in particular (i) to the steps which he took, and those which might reasonably have been taken, for the purpose of verifying the information; and (ii) to whether he had any reason to disbelieve the information. A court may take into consideration the existence of a certificate from an approved laboratory showing that the samples of consumer goods which are the subject of the prosecution had been tested before being sold and had complied with the safety standard or safety specification set out in the certificate.

Consumer Goods Safety Regulation (Chapter 456A of the Laws of Hong Kong) (the "Consumer Goods Safety Regulation")

The Consumer Goods Safety Regulation requires any warning or caution affixed on any consumer goods or their packages to be in both the English and the Chinese languages. The warning or caution shall be legible and be placed in a conspicuous position on (a) the consumer goods; (b) any package of the consumer goods; (c) a label securely affixed to the package; or (d) a document enclosed in the package.

Any person who supplies consumer goods which do not comply with the above requirements commits an offence and is liable (a) on first conviction to a fine at HK$100,000 and to imprisonment for one year; and (b) on subsequent conviction to a fine of HK$500,000 and to imprisonment for two years.

Gas Safety Ordinance (Chapter 51 of the Laws of Hong Kong) (the "Gas Safety Ordinance")

The Gas Safety Ordinance controls the importation, manufacture, storage, transport, supply and use of gas. It defines "gas" to mean (a) town gas, (b) liquefied petroleum gas, (c) natural gas, or (d) any mixture of such gases, whether in the form of a liquid or vapour. It also defines "gas appliances" to mean an appliance which uses gas to provide lighting, heating or cooling, but does not include a boiler within the meaning of the Boilers and Pressure Vessels Ordinance (Cap. 56).

The Gas Safety Ordinance empowers the Chief Executive in Council to make regulations relevant to (a) the importation, manufacture, storage, transport, supply or use of gas and (b) the carrying out of works in the vicinity of gas pipes.

Gas Safety (Miscellaneous) Regulations (Chapter 51F of the Laws of Hong Kong) (the "Gas Safety (Miscellaneous) Regulations")

The Gas Safety (Miscellaneous) Regulations prohibits the sale or supply for use in Hong Kong, any flueless gas water heater. Any person who sells or supplies such flueless gas water heater commits an offence and is liable on first conviction to a fine at HK$100,000 and to imprisonment for twelve months; and on any subsequent conviction to a fine of HK$200,000 and to imprisonment for twelve months; and where the offence continues, to a daily penalty of HK$10,000. Our Group does not sell or supply any flueless water heater.

The Gas Safety (Miscellaneous) Regulations also prohibits the import or manufacture in Hong Kong for use in Hong Kong any domestic gas appliance which burns gas to provide lighting, heating or cooling unless the appliance (1) is of a type or model in respect of which the person has the approval in writing of the Authority to import or manufacture; and (2) bears the specified mark prominently displayed on the appliance in accordance with the specified colour codes, proportion and minimum dimensions.

Any person who imports or manufactures, or sells or supplies for use in Hong Kong any domestic gas appliance in contravention of the above requirements commits an offence and is liable on first conviction to a fine at HK$100,000 and to imprisonment for twelve months; and on any subsequent conviction to a fine of HK$200,000 and to imprisonment for twelve months; and where the offence continues, to a daily penalty of HK$10,000.

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "Import and Export Ordinance"), Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) ("Import and Export (General) Regulations"), and Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) ("The Import and Export (Registration) Regulations")

The Import and Export Ordinance regulates and controls, inter alia, the import of articles into and the export of articles from Hong Kong. Except under and in accordance with a licence, import and export of the articles listed in Schedules 1 and 2 (respectively) of the Import and Export (General) Regulations are prohibited. Our Group does not import or export any such prohibited articles.

Any person who imports and exports any prohibited article without a licence commits a criminal offence and is liable on summary conviction to a fine of HK$500,000 and to imprisonment for two years.

The Import and Export (Registration) Regulations requires, inter alia, every person who imports or exports any article other than an exempted article to lodge with the Commissioner of Customs and Excise an accurate and complete import declaration within 14 days relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner may specify.

Articles exempted from the declaration requirement include, amongst others, (i) any postal packet the contents of which are valued at less than HK$4,000, (ii) any article consisting solely of and marked clearly as a sample of a product intended to be distributed free of charge for the purpose of advertising the product, and (iii) any article consisting solely of and marked clearly as a sample, valued at less than HK$1,000, of a product intended to be used for advertising the product.

Any person who fails or neglects, without reasonable excuse, to file the declaration using services provided by a specified body within 14 days, or, where he has such excuse, fails or neglects to lodge such declaration in such manner as soon as is practicable after the cessation of such excuse, commits an offence and is liable on summary conviction to a fine at HK$2,000 and, commencing on the day following the date of conviction, to a fine of HK$100 in respect of every day during which his failure or neglect to lodge the declaration in that manner continues.

In addition to any fines imposed, a penalty would also be payable for late declaration in accordance with a prescribed scale. Different penalties are prescribed depending on whether the declaration is lodged 14 days, one month plus 14 days, or two months plus 14 days after the articles specified in the declaration have been imported or exported.

Toys and Children's Products Safety Ordinance (Chapter 424 of the Laws of Hong Kong) (the "Toys and Children Products Safety Ordinance")

The Toys and Children's Products Safety Ordinance defines toy to mean a product or material that is designed or clearly intended for use in play by a child, or the packaging of that product or material. It prohibits any person from manufacturing, importing or supplying a toy unless the toy complies with all the applicable requirements of the toy standard(s).

The Toys and Children's Products Safety Ordinance also prohibits any person from manufacturing, importing or supplying a toy or children's product unless the toy or children's product complies with the general safety requirement and each additional safety standard. The general safety requirement means a duty to ensure that a toy or children's product is reasonably safe having regard to all the circumstances, including (a) the manner in which, and the purposes for which, the toy or children's product is being or would be marketed, the use of any mark in relation to it and any instructions or warnings which are given or would be given with respect to the keeping, use or consumption of it; and (b) the existence of any means by which it would have been reasonable, taking into account the cost, likelihood and extent of any improvement, for it to have been made safer.

Certain products or materials are classified as a "Schedule 2 product" and specific requirements apply to these products. For example, "baby dummies", "baby walking frame", "bottle teats", "children's cots for domestic use", "children's safety harnesses" are all "Schedule 2 products".

Any person who manufactures, imports or supplies a toy or a children's product or a "Schedule 2 product" which does not satisfy the applicable requirements commits an offence and is liable to on first conviction to (a fine at HK$100,000 and to imprisonment for one year, and on subsequent conviction, to a fine of HK$500,000 and to imprisonment for two years, and where the offence continues, to a further fine of HK$1,000 per day.

It is a defence to supplying a toy or a children's product or a "Schedule 2 product" that does not comply with the general safety requirement and each additional safety standard, if the person (a) supplied them in the course of carrying on a retail business and (b) at the time he supplied them, he neither knew nor had reasonable grounds for believing that they failed to comply with the general safety requirement.

Electricity Ordinance (Chapter 406 of the Laws of Hong Kong) (the "Electricity Ordinance")

The Electricity Ordinance was enacted, amongst others, to provide safety requirements for electrical products. It defines "electrical products" to mean any current-using equipment, lighting fitting or accessory, that uses low voltage or high voltage electricity.

The Electricity Ordinance empowers the Chief Executive in Council to make regulations for the general purpose of the Electricity Ordinance.

Electrical Products (Safety) Regulations (Chapter 406G of the Laws of Hong Kong) (the "Electrical Products (Safety) Regulations")

The Electrical Products (Safety) Regulations applies to an electrical product which is designed for household use and supplied in Hong Kong. It does not apply, amongst other exceptions, to an electrical product which is a travel adaptor, or supplied in a place other than Hong Kong under a sale agreement entered into in Hong Kong.

The Electrical Products (Safety) Regulations provides for the safety requirements for different electrical products, and prohibits any person from supplying an electrical product without a certificate of safety compliance being issued in respect of the product and the product complies with the applicable safety requirements.

Any person who supplies an electrical product which fails to comply with the applicable safety requirements commits and offence and is liable on first conviction to a fine at HK$100,000 and to imprisonment for one year, and on subsequent conviction to a fine of HK$500,000 and to imprisonment for two years, unless he shows that he took all reasonable steps and exercised all due diligence to avoid committing the offence.

It is a defence to the above offence if the commission of the offence was due to (a) the act or default of another person or reliance on information given by another, and (b) that it was reasonable in all the circumstances for him to have relied on the information, having regard in particular (i) to the steps which he took, and those which might reasonably have been taken, for the purpose of verifying the information; and (ii) to whether he had any reason to disbelieve the information.

Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong) (the "Telecommunications Ordinance")

The Telecommunications Ordinance requires any person who deals in or demonstrates with a view to sale, in the course of trade or business, radiocommunications apparatus or material to obtain a permit, unless he is a holder of a licence which permits him to possess and deal in the course of business in apparatus or material for radiocommunication.

Failure to obtain the requisite licence is an offence and the offender is liable on summary conviction to a fine at HK$50,000 and to imprisonment for two years; and on conviction on indictment to a fine at HK$100,000 and to imprisonment for twelve months. Officers of a corporate offender may be liable to the same offence and penalty if they consented or connived to the commission of the offence by the company.

Certain radiocommunications apparatus satisfying the specified technical criteria are exempted from the above licensing requirement by the Telecommunications (Telecommunications Apparatus) (Exemption from Licensing) Order, Cap. 106Z. Common types of exempted apparatus include cordless telephones, Bluetooth devices and walkie-talkies (all of which have to operate at the specified frequency band, output level and spurious emission level).

Yoho Hong Kong Limited and Globiz Company (Hong Kong) Limited are licensees of the Radio Dealers Licence (Unrestricted). The material licensing conditions are: (a) to store the licensed apparatus at a specified address, (b) to display the licence at the licensed premises, (c) to keep and maintain complete and accurate registers for the last twelve months, of the licensed apparatus and of the licensee's dealings and transactions therewith, except those apparatus which have been exempted, (d) not to deal locally in radio apparatus which is not of a type approved by the Communications Authority or not licensable in Hong Kong; and (e) to only deliver radio apparatus to a customer if (i) they have been exempted by statute, (ii) the customer is not a tourist and is licenced to possess or use the apparatus, or (iii) the customer is a tourist who intends to export the apparatus after purchase.

B. Law Specific to Product Liability and Contractor Liability

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (the "Sale of Goods Ordinance")

The Sale of Goods Ordinance implies various conditions or warranties to contracts of sale of goods and provides the rules on liability in relation to delivery.

Where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description; and if the sale is by sample, as well as by description, it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description.

Where the seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, except that there is no such condition (a) as regards defects specifically drawn to the buyer's attention before the contract is made; or (b) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (c) if the contract is a contract for sale by sample, as regards defects which would have been apparent on a reasonable examination of the sample.

"Merchantable quality" is defined in Section 2(5) of the Sale of Goods Ordinance to mean: (a) as fit for the purpose or purposes for which goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances; and any reference in the Ordinance to unmerchantable goods shall be construed accordingly.

Where the seller sells goods in the course of a business and the buyer, expressly or by implication, makes known to the seller any particular purpose for which the goods are being bought, there is an implied condition that the goods supplied under the contract are reasonably fit for that purpose, whether or not that is a purpose for which such goods are commonly supplied, except where the circumstances show that the buyer does not rely, or that it is unreasonable for him to rely, on the seller's skill or judgment.

In relation to delivery, the Sale of Goods Ordinance presumes that the risk of loss, damage or deterioration of the goods remains at the seller until the property therein is transferred to the buyer; if property has been transferred to the buyer, the goods are at the buyer's risk whether or not physical deliver has been made. Provided that where delivery has been delayed through the fault of either seller or buyer, the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault:

The goods need to be ascertained before property in the goods is transferred to the buyer. Generally, goods are ascertained when they are physically separated from the bulk. In offline sales, ascertainment generally takes place when the goods are picked by the salesperson to the customer and the customer agreed to the salesperson's pick, or the customer picked the goods himself. For online sales, ascertainment generally takes place when the goods are picked in the warehouse and sent to be delivered.

Where there is a contract for the sale of specific goods, or where goods are subsequently appropriated to the contract, the seller may, by the terms of the contract or appropriation, reserve the right of disposal of the goods until certain conditions are fulfilled. In such case, notwithstanding the delivery of the goods to the buyer, or to a carrier or other bailee for the purpose of transmission to the buyer, the property in the goods does not pass to the buyer until the conditions imposed by the seller are fulfilled.

After goods have been ascertained, the property in them is transferred to the buyer at such time as the parties to the contract intend it to be transferred, taking into account the terms of the contract, the conduct of the parties, and the circumstances of the case. The Sale of Goods Ordinance provides for five rules for ascertaining the intention of the parties.

Rule 1 applies for sales where the customer picks the goods himself, and the property in, and thus the risk of goods in relation to delivery passes to the customer upon the making of the contract. Where the seller also agreed to assemble or install the product for the customer, Rule 2 applies and it is not until the customer agrees that installation has been properly completed that property and risk in relation to delivery will pass to the customer. Rule 5 applies in relation to online sale of goods, the seller is deemed to have unconditionally appropriated the goods when the goods are delivered to a carrier for delivery to the customer; the property and risk in relation to delivery will pass to the customer when the goods are delivered to the carrier.

For delivery by a carrier, the Sale of Goods Ordinance provides that the seller's delivery to the carrier is *prima facie* deemed to be delivery of the goods to the buyer. The seller must make reasonable contract with the carrier having regard to the nature of the goods and the other circumstances of the case. If the seller omits to do so, and the goods are lost or damaged in course of transit, the buyer may decline to treat the delivery to the carrier as a delivery to himself, or may hold the seller responsible in damages. The seller's duty is to ensure that the transit of the goods is reasonably safe and smooth, that the goods will not be lost or damaged in the ordinary course of event.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) (the "Supply of Services (Implied Terms) Ordinance")

The Supply of Services (Implied Terms) Ordinance implies into a contract for the supply of a service terms to the effect that the supplier will (1) carry out the service with reasonable care and skill; (2) carry out the service within a reasonable time; and (3) be paid a reasonable charge if the consideration of the service is not determined.

Our Group provides installation services for certain types of good including (1) air conditioners, (2) thermo ventilators, (3) kitchen ventilators and (4) exhaust fans. Terms would be implied by the Supply of Services (Implied Terms) Ordinance into the contract.

The Supply of Services (Implied Terms) Ordinance provides that, as against a person who deals as a consumer (such as the retail customers of our Group), our Group cannot by reference to any contract term exclude or restrict liability of breach of obligations arising under the Supply of Service (Implied Terms) Ordinance.

Tortious Liabilities under Common Law

The common law provides for different duties of care a wholesaler or retailer needs to exercise in respect of their customers. Generally:

(1) A wholesaler must take reasonable steps to check the safety of what he distributes. For products which cannot practically be examined in his hands, his duty is then limited to taking reasonable steps to deal with reputable suppliers.

(2) A retailer may be liable in tort, if it sells goods it has reason to know may be defective, or if it disregards instructions issued by manufacturers or distributors, or if it sells goods with reason to know they are likely to be used to harm others, at least where it does not make it clear to the buyer.

For our Group's contractors (for example in providing installation services to customers), they are independent contractors and not employees of our Group. Our Group's duties are confined to exercising reasonable care (1) in entrusting the work to the independent contractor, (2) in selecting the contractors, and (3) in ensuring that the work has been properly done.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) (the "Control of Exemption Clauses Ordinance")

The Control of Exemption Clauses Ordinance regulates and limits the scope of clauses intending to limit or restrict a party's liability in relation to breach of contract, negligence or other breach of duty.

The Control of Exemption Clauses Ordinance provides that as against a person who deals as a consumer (such as the retail customers of our Group), our Group cannot by reference to any contract term exclude or restrict liability of breach of obligations arising under Sections 14 to 17 of the Sale of Goods Ordinance (i.e., implied undertakings as to title, conformity with description, merchantable quality, reasonable fitness with purpose and conformity with sample).

As against a person who does not deal as a customer, our Group may exclude or restrict its liability if the exclusion or restriction is reasonable.

C. Law Specific to Intellectual Property and Parallel Import

The Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (the "Copyright Ordinance")

The Copyright Ordinance recognises copyright as a property right subsisting in various forms of works.

Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorizes another to do, any of the acts restricted by the copyright, which includes (also known as primary infringement): (a) copying the work; (b) issuing copies of the work to the public; (c) renting copies of the work to the public; (d) making available copies of the work to the public; (e) performing, showing or playing the work in public; (f) broadcasting the work or including it in a cable programme service; (g) making an adaptation of the work or doing any of the above in relation to an adaptation; and (h) other acts referred to in Part II of the Copyright Ordinance.

The Copyright Ordinance also provides for the acts which are categorised as secondary infringement, they include, amongst others: possessing, exhibiting, or distributing for the purpose of or in the course of any trade or business (it being immaterial whether or not the trade consists of dealing in infringing copies of copyright works); selling or letting for hire, or offering or exposing for sale or hire; or distributing otherwise to affect prejudicially the copyright owner, an infringing copy.

Commission of secondary infringement is a criminal offence if the infringer knows or has reason to believe the copy of a work to be an infringing copy of the work. For the sale of an infringing copy in the course of any trade or business, upon conviction on indictment, the infringer is liable to a fine at HK$50,000 in respect of each infringing copy and to imprisonment for four years.

It is a defence to copyright infringement if the person copies an artistic work for the purpose of advertising the sale of the work. Product shots taken by our Group for advertisements, which may have copied certain artistic works existing on the products, do not constitute copyright infringement.

Our Group's parallel imported products span five sub-categories, namely consumer electronics, beauty and health products, home appliances, computers and peripherals and lifestyle products. They are utility products and appliance which are not themselves copyright works and no copyright may subsist therein. And if the packaging, labels, instruction manuals, warnings, etc., being copyright works, do not predominately contribute to the economic value of the products, these copyright works are considered "accessory works". Copy of an accessory work is not an infringing copy and sale of copies of accessory works is not an infringement.

To infringe copyright by parallel import, apart from the act of infringement, the copyright owner needs to show that the defendant knows or has reason to suspect that the parallel imported products are infringing copies. The defendant also has a defence under the Copyright Ordinance if he shows that (a) he had made reasonable enquiries sufficient to satisfy himself that the copy of the work imported or proposed to be imported into Hong Kong was not an infringing copy of the work; (b) he had reasonable grounds to be satisfied in the circumstances of the case that the copy was not an infringing copy; and (c) there were no other circumstances which would have led him reasonably to suspect that the copy was an infringing copy. The Copyright Ordinance sets out a list of factors for determining if the defendant did not have reason to believe that the copy was an infringing copy.

Trade Mark Ordinance (Chapter 559 of the Laws of Hong Kong) (the "Trade Mark Ordinance")

The Trade Mark Ordinance protects registered trademarks. The duration of the registered trademarks is for ten years, which can be further renewed for ten years per renewal. A registered trade mark may be challenged in revocation proceedings if it is not used in Hong Kong for a continuous period of three years.

A person infringes a registered trade mark if he uses in the course of trade or business a sign:

(1) Which is identical to the trade mark in relation to goods or services which are identical to those for which it is registered;

(2) Which is identical to the trade mark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;

(3) Which is similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or

(4) Which is identical or similar to the well-known trade mark in relation to any goods or services, and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

The Trade Mark Ordinance also provides an exemption from an infringement of registered trade mark if the registered trade mark is used for the purpose of (1) identifying goods or services as those of the owner of the registered trade mark, and (2) any such use is in accordance with honest practices in industrial or commercial matters. In considering whether the use is in accordance with honest practices in industrial or commercial matters, the relevant factors are: (a) the use takes unfair advantage of the trade mark; (b) the use is detrimental to the distinctive character or repute of the trade mark; and (c) the use is such to deceive the public.

It was identified in case law that the manners by which a person may take unfair advantage of the trade mark or cause detriment to the distinctive character or repute can take the following forms:

(1) detriment to the distinctive character is caused when that mark's ability to identify the goods or services for which it is registered is weakened;

(2) detriment to the repute of the mark caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark's power of attraction is reduced; and

(3) the unfair advantage refers to the advantage taken by the third party as a result of the use of the identical or similar sign, such as an exploitation on the coat-tails of the mark with a reputation.

In relation to parallel importing, the Trade Mark Ordinance exempts parallel importing from infringement of registered trade mark if the goods, on which the registered trade mark has been applied, have been put on the market anywhere in the world under that trade mark by the owner or with his consent (whether express or implied or conditional or unconditional).

D. Law General to Online and Offline Sale of Goods

Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong) (the "Trade Description Ordinance")

The Trade Description Ordinance was enacted to, amongst others, prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods.

"Trade description" means in relation to goods, an indication, direct or indirect, and by whatever means given, with respect to the goods or any part of the goods including an indication of any of the following matters: (amongst others, the quantity size or gauge, the method of manufacture, production, processing or reconditioning; the composition; the fitness for purpose, strength, performance, behaviour or accuracy; the availability; the compliance with a standard specified or recognized by any person; the price, how price is calculated or the existence of any price advantage or discount, etc.)

The Trade Description Ordinance prohibits any person from (1) in the course of his trade or business supplying or offering to supply any goods to which a false trade description is applied, or (2) having in his possession for sale any goods to which a false trade description is applied, or (3) import or export any goods to which a false trade description is applied.

Any person who does the above prohibited acts commits an offence and is liable on conviction on indictment to a fine of HK$500,000 and to imprisonment for five years, and on summary conviction to a fine at HK$100,000 and to imprisonment for two years.

It is a defence to the above offence if the person did not know, had no reason to suspect, and could not with reasonable diligence have ascertained the false trade description had been applied to the goods.

The Trade Description Ordinance also prohibits under trade practices that involve: (1) misleading omission, (2) aggressive commercial practice, (3) bait advertising, (4) bait and switch, and (5) wrongly accepting payment.

Electronic Transaction Ordinance (Chapter 553 of the Laws of Hong Kong) (the "Electronic Transaction Ordinance")

The Electronic Transaction Ordinance was enacted, amongst others, to facilitate the use of electronic transactions for commercial and other purposes. It confirms that in the context of contract formation, unless otherwise agreed by the parties, an offer and acceptance of an offer may be in whole or in part expressed by means of electronic records. An electronic signature shall not be denied legal effect on the sole ground that it is an electronic signature.

Payment Systems and Stored Value Facilities Ordinance (Chapter 584 of the Laws of Hong Kong) (the "Payment Systems and Stored Value Facilities Ordinance)

The Payment Systems and Stored Value Facilities Ordinance was enacted to provide for the licensing regime for stored value facilities and designation scheme of retail payment systems, and to modify the laws of Hong Kong in their application to transactions effected through and proceedings within certain clearing and settlement systems so as to ensure finality as regards those transactions and proceedings.

A stored value facilities refers to a facility that may be used for storing the value of an amount of money that (i) is paid into the facility from time to time and (ii) may be stored on the facility; and the facility may be used (i) as a means of making payments for goods or services, and/or (ii) as a means of making payments to another person. A store value facility is required to obtain a licence from the Monetary Authority. Examples of licensees of stored value facilities are Alipay, Octopus' O! ePay and WeChat Pay.

"Money" within the definition of stored value facility means (1) money in any currency or (2) any declared medium of exchange. A medium of exchange can be declared by the Monetary Authority by notice published in the Gazette. Currently there is no declared medium of exchange except legal tender (i.e. currency notes).

Our Group's point system uses "point" as the unit of exchange, which is neither money in any currency nor a declared medium of exchange. The point system is not a stored value facility and does not require a licence.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Personal Data (Privacy) Ordinance")

The Personal Data (Privacy) Ordinance provides the principles (the "Data Protection Principles") that a data user must follow in any acts concerning personal data. Personal data refers to any data (a) relating directly or indirectly to a living individual; (b) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (c) in a form in which access to or processing of the data is practicable.

The Data Protection Principles are summarised as follows:

(1) Adequate personal data should be collected (i) for a lawful purpose, which is necessary for and directly related to a function or activity of the data user, (ii) by fair and lawful means. And the person whose data is being collect is informed (a) that whether he is obligatory or voluntary for him to supply the data, (b) the purpose of the collection and the class of persons to whom the data may be transferred, (c) on or before, his right to access and correct the data collected and the information of the person who might handle such requests.

(2) All practicable steps shall be taken to ensure the accuracy of the person data collected, and kept not long than is necessary.

(3) Personal data should not be used for the purposes outside of the person's consent.

(4) All practicable steps shall be taken to ensure that any personal data held by a data user is protected against unauthorized or accidental access, processing, erasure, loss or use.

(5) All practicable steps shall be taken to ensure that a person can (a) ascertain a data user's policies and practices in relation to personal data; (b) be informed of the kind of personal data held by a data user; (c) be informed of the main purposes for which personal data held by a data user is or is to be used.

(6) A data subject shall be entitled to ascertain whether a data user holds personal data of which he is the data subject and request access to personal data. He should be given reasons if the request is refused and right to object to the refusal.

Contravention with the Data Protection Principles may entitle the Privacy Commissioner for Personal Data to issue a written notice directing the data user to remedy and prevent recurrence of contravention. Contravention with the above notice is an offence and the offender is liable on (a) first conviction to a fine HK$50,000 and to imprisonment for two years, and if the offence continues after the conviction, to a daily penalty of HK$1,000; and (b) second or subsequent conviction to a fine at HK$100,000 and to imprisonment for two years, and if the offence continues after the conviction, to a daily penalty of HK$2,000. It is a defence to the above offence if the data user shows that he exercised all due diligence to comply with the enforcement notice.

Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong) (the "Control of Obscene and Indecent Articles Ordinance")

The Control of Obscene and Indecent Articles Ordinance controls articles which consist of or contain material that is obscene or indecent (including material that is violent, depraved or repulsive). Several offences are prescribed, they are: (1) publishing, possessing for publication or importing for publication obscene articles; (2) publishing indecent article to juvenile; making display, and causing or permitting display of indecent matter in public; publishing indecent article; publishing Class III (interim classification) article; publishing, possessing for publication or importing for publication any Class II article; publishing Class II article; Possessing indecent article for publication.

E. Other Relevant Hong Kong Laws

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) (the "Business Registration Ordinance")

The Business Registration Ordinance requires every person (a company or individual) carrying on a business in Hong Kong to register with the Inland Revenue Department and to obtain a business registration certificate within one month of the commencement of the business. Such business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and therefore, designed to facilitate the Inland Revenue Department to collect tax from businesses in Hong Kong.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "Employees' Compensation Ordinance")

The Employees' Compensation Ordinance prohibits an employer from employing any employee in any employment unless there is a policy of insurance in force to cover the employer's liabilities under the Employees' Compensation Ordinance and at common law for injuries at work. The minimum insurance cover for not more than 200 employees should not be less than HK$100 million per event whereas the minimum cover for more than 200 employees should not be less than HK$200 million per event. Any employer who fails to comply commits an offence and is liable on conviction to a maximum fine of HK$100,000 and imprisonment for two years.

An employer to whom a policy of insurance for the purpose thereof is required to display in a conspicuous place on each of his premises (where any employee is employed by him) a notice in a form specified by the Commissioner, which shows in both English and Chinese languages of (a) the name of the employer, (b) the name of the insurer, (c) the policy number, (d) the date of issue of the policy, (e) the dates of commencement and expiry of the period of insurance, (f) the number of employees insured under the policy at the time of issue thereof and (g) the amount of liability insured under the policy.

Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the "Mandatory Provident Fund Scheme Ordinance")

The Mandatory Provident Fund Schemes Ordinance requires an employer to enrol his employees in a Mandatory Provident Fund Scheme and make contributions if the duration of employment is for 60 days or more. Employees whose contracts for employment were for less than 60 days, but also repeatedly renewed, are protected by the Mandatory Provident Fund Scheme Ordinance and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) as they deem such contracts as "continuous contracts".

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the "Occupational Safety and Health Ordinance")

The Occupational Safety and Health Ordinance requires every employer to, so far as reasonably practicable, ensure the safety and health at work of all the employer's employees.

The employer may be considered to have failed to comply with the requirement if he (a) failed to provide or maintain plant and systems of work that are, so far as reasonably practicable, safe and without risks to health; (b) failed to make arrangements for ensuring, so far as reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances; (c) failed to provide such information, instruction, training and supervision as may be necessary to ensure, so far as reasonably practicable, the safety and health at work of the employer's employees; (d) as regards any workplace under the employer's control (i) failed to maintain the workplace in a condition that is, so far as reasonably practicable, safe and without risks to health; or (ii) failed to provide or maintain means of access to and egress from the workplace that are, so far as reasonably practicable, safe and without any such risks; (e) failed to provide or maintain a working environment for the employer's employees that is, so far as reasonably practicable, safe and without risks to health.

An employer who fails to comply with any of the above provisions commits an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for six months.

In terms of enforcement, the Commission for Labour may serve improvement notice and suspension notice on the employer or. It is a criminal offence to fail to comply with the notice without reasonable excuse, and the offender is liable to a fine of HK$200,000 and HK$500,000 respectively and to imprisonment for twelve months.

The employer or the occupier of a workplace is required to notify any accident to an occupational safety officer within seven days, or within 24 hours if the accident causes the death of, or serious bodily injury to, an employee. The occupier of a workplace is also required to notify any dangerous occurrence to an occupational safety officer within 24 hours. Failure to notify the occupational safety officer is a criminal offence and attracts a fine at HK$50,000.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance")

The Inland Revenue Ordinance provides that an employer is required to furnish in writing, (1) within three months of engagement, particulars of any new employee (i.e.

Form 56E) who is likely to be chargeable to salaries tax, and (2) at least one month before his employee ceases to be employed, particulars of any employee who is about to cease or ceases to employ in Hong Kong (i.e. Form 56F). Any employer who failed to do so, unless with reasonable excuse, commits a criminal offence and is liable to a fine of HK$10,000 and the court may order the employer to do the act which they failed to do.

The Inland Revenue Ordinance requires any person on which profits tax is chargeable on his assessable profits to file tax return, provide supplemental documents if necessary, any pay the assessed profits tax accordingly.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the "Minimum Wage Ordinance")

The Minimum Wage Ordinance establishes a statutory minimum wage which has come into force since 1 May 2011. Wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage (SMW) rate. If an employer wilfully and without any reasonable excuse fails to pay the SMW rate when it becomes due is liable to be prosecuted and upon conviction, to a fine of HK$350,000 and to imprisonment for three years.

The applicable statutory minimum wage rates are as follows:

With effect from	SMW rate per hour
1 May 2011	HK$28.00
1 May 2013	HK$30.00
1 May 2015	HK$32.50
1 May 2017	HK$34.50
1 May 2019	HK$37.50

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the "Competition Ordinance")

The Competition Ordinance was enacted, amongst others, to prohibit conduct that prevents, restricts or distorts competition in Hong Kong. It creates two key prohibitions which take the form of two "Conduct Rules" of cross-sector application:

(1) The First Conduct Rule prohibits agreements and concerted practices that have the object or effect of restricting competition in Hong Kong; and

(2) The Second Conduct Rule prohibits a business with substantial market power from abusing that power by engaging in conduct that has the object or effect of restricting competition in Hong Kong. That is, it is only applicable to a single entity with substantial (but not collective) market power.

The First Conduct Rule applies where there is an agreement or concerted practice. There must be some form of conduct involving two or more parties for the First Conduct Rule to apply. The focus of the First Conduct Rule is serious cartel activity amongst business competitors which constitutes serious anti-competitive conduct, which include:

(1) Price fixing: where agreement is reached on customer prices, or price elements such as discount and price range;

(2) Market-sharing: where non-competition between competitors would be agreed by allocation of parts of the market, such as by customer demographic or by geographical location;

(3) Out-put restriction: where production or sales output is limited as means of increasing prices; and

(4) Bid-rigging: agreeing with competitors who would make the winning bid, subverting the competitive nature of the tendering process.

These serious anti-competitive behaviour will be dealt with most severely by the Competition Commission. Other conduct such as vertical arrangements between suppliers and customers are generally not considered as serious anti-competitive behaviour.

The Second Conduct Rule only applies where an undertaking has a substantial market power in a particular market. In considering whether an undertaking has substantial degree of market power, the relevant matters are: (a) the market share of the undertaking; (b) the undertaking's power to make pricing and other decisions; (c) any barrister to entry to competitors into the relevant market; and (d) any other relevant matters.

The Competition Ordinance provides that a conduct may constitute an abuse if it involves (a) predatory behaviour towards competitors or (b) limiting production, markets or technical developments to the prejudice of consumers. Examples of conduct that may be considered an abuse of substantial degree of market power are: (a) predatory pricing, (b) anti-competitive tying and bundling, (c) margin squeeze, (d) refusal to deal, and (e) exclusive dealing.

If the Competition Commission has reasonable cause to believe that a contravention of the First Conduct Rule has occurred: (1) if the contravention does not involve serious anti-competitive conduct, the Competition Commission must issue a warning notice before bringing proceedings, and (2) if the contravention involves serious anti-competitive conduct or a contravention of the Second Rule, the Competition Commission may issue an infringement notice, and if the infringement notice is complied with, not to bring proceedings.

If a company and/or its directors are found to be involved in breaching the Competition Ordinance, the potential penalties are: (a) pecuniary penalties up to 10% of annual local turnover, (b) director's disqualification orders for up to five years, (c) divestiture of assets, shares or business, (d) voiding of agreement, and (e) injunction relief.

LAWS AND REGULATIONS IN THE PRC

Import and Export

In accordance with List of the People's Republic of China of Articles Prohibited from and Restricted from Importation and Exportation (Order No. 43 of the General Administration of Customs, effective from March 1, 1993), articles prohibited from importation include all kinds of weapons, simulated weapons, ammunition and explosives; counterfeit currency and counterfeit securities; printed materials, films, photographs, records, movies, audio tapes, video tapes, laser disks, computer storage media and other items harmful to China's politics, economy, culture and morality; all kinds of potent poisons; opium, morphine, heroin, marijuana and other addictive narcotics and psychotropic substances; and animals, plants and their products with dangerous germs, pests and other harmful organisms; food, drugs or other items that are harmful to human and animal health, from infected areas and others that can spread disease. Articles restricted from importation include radio transceivers, communication security machines; tobacco, alcohol; endangered and precious animals, plants (including specimens) and their seeds and reproductive materials; national currency; other articles that are restricted from importation by the customs.

In accordance with Announcement on the Interpretation of Issues concerning the List of the People's Republic of China of Articles Prohibited from Importation and Exportation and the List of the People's Republic of China of Articles Restricted from Importation and Exportation (Announcement No. 46 [2013] of the General Administration of Customs, effective from August 16, 2013), microbial and biological products, blood and blood products, human genetic resources, controlled knives, and satellite television receiving equipment are "other articles that are restricted from importation by the customs" as listed in the List of the People's Republic of China of Articles Restricted from Importation and Exportation.

In accordance with Announcement on Issuing the List of Goods Prohibited from Exportation (First Group) (Announcement No. 19 [2001] of the Ministry of Foreign Trade and Economic Cooperation, effective from December 20, 2001), Announcement on Issuing the List of Goods Prohibited from Exportation (Announcement No. 40 [2004] of the Ministry of Commerce, the General Administration of Customs and the Forestry Administration, effective from October 1, 2004), Announcement on Issuing the List of Goods Prohibited from Importation (Sixth Group) and the List of Goods Prohibited from Exportation (Third Group) (Announcement No. 116 [2005] of the Ministry of Commerce, the General Administration of Customs and the General Administration of Environmental Protection, effective from January 1, 2006), Announcement on Issuing the List of Goods Prohibited from Exportation (Fourth Group) (Announcement No. 16 [2006] of the Ministry of Commerce, the General Administration of Customs, effective from May 1, 2006), the List of Goods Prohibited from Exportation (Fifth Group) (Announcement No. 96 [2008] of the Ministry of Commerce, the General Administration of Customs, effective from December 11, 2008), Announcement on Issuing the List of Goods Prohibited from Importation (Seventh Group) and the List of Goods Prohibited from Exportation (Sixth Group) (Announcement No. 73 [2020] of the Ministry of Commerce, the General Administration of Customs and the Ministry of Ecology and Environment, effective from January 1, 2021), PBBs, dieldrin, endrin, sodium fluoroacetate, insecticides, dioxins PCDDs, furan PCDDs etc. belong to goods prohibited from exportation. In accordance with Announcement on Issuing the Catalogue of Goods Subject to Export License Administration (Announcement No. 50 [2021] of the Ministry of Commerce and the General Administration of Customs, effective from January 1, 2022), there are 43 categories of exported goods subject to license administration in 2022. Where foreign trade dealers export goods as listed in the Catalogue, they shall apply to the Ministry of Commerce or the local competent commerce departments entrusted by the Ministry of Commerce for an Export License of the People's Republic of China (hereinafter referred to as "**Export License**") and undergo the formalities of customs clearance and release upon strength of the Export License.

Product Quality and Consumer Protection

In accordance with Product Quality Law of the People's Republic of China (effective from December 29, 2018), sellers shall implement the system of examination and acceptance of goods procured, verifying the product quality certificates and other marks. Sellers shall be responsible for repair, replacement or return and compensate for the damages done to end-users or consumers if one of the following cases occurs: (1) products do not have the property for use it should have and there is no advance explanations; (2) the quality of products does not conform to the standards or to the standards specified in the packages; (3) the quality of products does not tally with the quality specified in the instruction for use or with the quality of samples provided. Sellers shall be responsible for compensation if the personal and property damage caused are caused by defects resulting from the fault on the part of sellers. If damages are done to the person or properties of others due to the defects of products, the victims may claim for compensation either from the producers or sellers. If the responsibility rests with the producers and the compensation is paid by the sellers, the sellers have the right to recover their losses from the producers. If the responsibility rests with the sellers and the compensation is paid by the producers, the producers have the right to recover their losses.

In accordance with Law of the People's Republic of China on the Protection of Consumer Rights and Interests (effective from March 15, 2014), consumers shall have the right to obtain true information on the commodities purchased or used or the services received, including but not limited to prices, origins, manufacturers, usages, performances, main ingredients, as the case may be. Consumers suffering personal injury or property damage from their purchase or use of commodities or receipt of services shall be entitled to compensation in accordance with the law. In the meantime, where business operators sell commodities on the Internet, on television, over telephone, or by mail order, among others, consumers shall have the right to return the commodities within seven days of receipt of them without cause, except the following commodities: (1) custom-made commodities; (2) fresh, live, or perishable commodities; (3) audio-visual recordings, computer software, and other digital commodities downloaded online or unpacked by consumers; (4) newspapers or periodicals delivered.

Intellectual Property

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》, last amended on 23 April, 2019) and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》, last amended on 29 April 2014), The trademark bureau of the administration for industry and commerce department of the State Council shall be in charge of trademark registration and administration nationwide. Where a decision for registration is made, the trademark bureau shall issue a trademark registration certificate to successful registrants and the registered trademark shall be published. Trademark registrants enjoy exclusive rights to use trademark and are protected by the law. A registered trademark shall be valid for 10 years, commencing from the date of registration. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities before the expiry date. The validity period of each renewal shall be 10 years. Any person or entity committing acts that infringe the exclusive rights to use of a registered trademark specified in the "Trademark Law of the People's Republic of China" shall be held liable to the right holder for compensation or may be subject to administrative penalty imposed by the relevant administrative authority and even be prosecuted for criminal liability (as the case may be).

OVERVIEW

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 13 April 2021. Our history can be traced back to 2008 after Mr. Wu's graduation from university when he established Globiz to engage in offline wholesale and trading of Consumer Electronics and Home Appliances. After Ms. Tsui joined our Group as our Chief Operating Officer in 2013, Mr. Wu and Ms. Tsui co-founded our Yoho OMO Business by launching the Yoho E-commerce Platform and opened our first retail store in Kowloon. Our initial operations were funded by Mr. Wu by way of capital contribution using his personal funds.

Mr. Wu has more than 14 years of experience in the Consumer Electronics and Home Appliances industry in Hong Kong and the PRC. Ms. Tsui has over nine years of experience in the e-commerce industry in Hong Kong. Further details of their biographies are set forth in "Directors and Senior Management" in this prospectus.

In 2019, we obtained pre-IPO investments amounting to a total of HK$40,000,000 from Beyond Ventures Vehicle and ITVFC. For further details, please see "Corporate development of our Group — Our major subsidiaries and operating entities" and "Pre-IPO Investment — Overview — (1) Investments by Beyond Ventures Vehicle and ITVFC in 2019" in this section.

In 2021, the 2021 Pre-IPO Investors invested a total of US$12,250,000 (approximately HK$95,305,000), whereby the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 Series A Preferred Shares at a total consideration of US$8,250,000 (approximately HK$64,185,000), and the 2021 Pre-IPO Existing Shares Investors purchased a total of 7,921,527 Shares at a total consideration of US$4,000,000 (approximately HK$31,120,000) from The Wings Venture. For further details, please see "Pre-IPO Investment — Overview — (2) Investments by the 2021 Pre-IPO Investors" in this section.

As a fast growing enterprise, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales value of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21, according to the F&S Report.

BUSINESS MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2013	• We launched the Yoho E-commerce Platform. • We opened our first offline retail store in Kwun Tong.

2014
- In March, we established the "友和 YOHO" YouTube channel. As at the Latest Practicable Date, there were more than 422,000 views for the advertising campaign video "Mr. Yoho is coming! Muscular Brothers — Mr. Yoho wants to define "convenience" and it is... (友和先生嚟喇 ！爆肌兄弟篇—友和先生要為「方便」定一個時限，竟然係...)".
- In May, we introduced FOREO, a Swedish brand to provide quality and premium beauty products to our customers.
- In November, we started to launch the Double 11 Shopping Festival on the Yoho E-commerce Platform.

2015
- In June, we introduced Iris Ohyama, a 60-year-old Japanese brand, and successfully expanded the range of household appliances and kitchenware with the dust mite vacuum cleaner. During the Track Record Period, Iris Ohyama was one of the best-selling brands on the Yoho E-commerce Platform.
- We supported different student communities including the University of Hong Kong by sponsoring different types of electronic appliances and beauty products as orientation gifts.

2016
- We conducted a comprehensive upgrade on our data processing system to synchronise online and offline information, including those relating to our members, products and discounts available to our customers.
- Viewing of real-time stock level by our customers on the Yoho E-commerce Platform was introduced.

2017
- As at 31 December, the Yoho E-commerce Platform had more than 100,000 registered members.
- We became a loyal supporter of the Make-A-Wish programme launched by the Hong Kong Christian Service, which supports grassroots families in Hong Kong.
- In December, we supported the local band ToNick, by offering a discount to the registered members of the Yoho E-commerce Platform, which allowed our registered members to buy two tickets of the "ToNick Live For More Concert" at half price upon purchase of a certain amount.

2018
- We launched the "Auto-pricing System" to monitor and adjust the price of our products automatically.
- In July, we became an authorised online reseller of products of a leading multinational technology company with its headquarters based in the U.S..
- In July, the Yoho E-commerce Platform had over 20,000 SKUs.

2019
- As at 31 March, the Yoho E-commerce Platform had more than 200,000 registered members.
- We obtained pre-IPO investments for a total amount of HK$40,000,000 from Beyond Ventures Vehicle and ITVFC.
- In April, we had approximately 2,000 self-pick-up points.
- In November, we were awarded the "Deloitte HK Top 10 Tech Fast Award".
- We opened our flagship store in Cheung Sha Wan.
- We introduced digital price tags at our retail stores to achieve automatic synchronisation of pricing information on the Yoho E-commerce Platform and at our retail stores.

2020
- In November and December, we collaborated with one of the world's largest banking and financial services organisations and our customers could enjoy a certain amount of discount upon a certain amount of purchase for the purchases made in November and on 12 December, respectively. The collaboration in November resulted in a record-breaking year-on-year growth of over 200% in sales.

2021
- As at 6 February, the Yoho E-commerce Platform had more than 500,000 registered members.
- As at 31 March, the Yoho E-commerce Platform had approximately 539,000 registered members.
- According to the F&S Report, in March, the Yoho E-commerce Platform was one of the top 100 most-visited websites in Hong Kong.
- We introduced the use of virtual KOL as a form of advertisement.
- In May, the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 Series A Preferred Shares at a total consideration US$8,250,000 (approximately HK$64,185,000). For further details, please see "Pre-IPO Investment — Overview — (2) Investments by the 2021 Pre-IPO Investors — (a) Investments by the 2021 Pre-IPO New Shares Investors" in this section.
- In May, the 2021 Pre-IPO Existing Shares Investors purchased a total of 7,921,527 Shares at a total consideration of US$4,000,000 (approximately HK$31,120,000) from The Wings Venture. For further details, please see "Pre-IPO Investment — Overview — (2) Investments by the 2021 Pre-IPO Investors — (b) Investments by the 2021 Pre-IPO Existing Shares Investors" in this section.
- As at 30 November, the Yoho E-commerce Platform had approximately 700,000 registered members.

2022
- In February, we were awarded the Caring Company Logo 2021/22 by The Hong Kong Council of Social Service.

CORPORATE DEVELOPMENT OF OUR GROUP

Our major subsidiaries and operating entities

Yoho E-Commerce

Yoho E-Commerce was incorporated in Hong Kong on 3 October 2018 as a limited liability company, which is principally engaged in investment holding.

Upon incorporation, 744,600 and 715,400 shares were allotted and issued to Mr. Wu and Ms. Tsui, respectively, at HK$0.01 each. Following the allotment and issue of such shares, Mr. Wu and Ms. Tsui held 51% and 49% of the total issued share capital of Yoho E-Commerce, respectively.

On 13 December 2018, 73,715,400 and 70,824,600 shares were allotted and issued to Mr. Wu and Ms. Tsui, respectively, at HK$0.07 each in preparation for the pre-IPO investments of Beyond Ventures Vehicle and ITVFC.

On 7 January 2019, Beyond Ventures Vehicle entered into a deed of subscription with Mr. Wu, Ms. Tsui and Yoho E-Commerce to subscribe for a total of 13,500,000 series A preferred shares of Yoho E-Commerce at a consideration of HK$13,500,000. On 16 April 2019, ITVFC entered into a deed of subscription with Mr. Wu, Ms. Tsui and Yoho E-Commerce to subscribe for a total of 6,500,000 series A preferred shares of Yoho E-Commerce at a consideration of HK$6,500,000. Along with the deed of subscription, Beyond Ventures Vehicle entered into a call option agreement on 7 January 2019 with Yoho E-Commerce, pursuant to which Beyond Ventures Vehicle had an option until 30 June 2019 to subscribe for additional series A preferred shares of Yoho E-Commerce for an amount of up to HK$20,000,000 at a post-money valuation of HK$225,000,000. For further details, please see "Pre-IPO Investment — Overview — (1) Investments by Beyond Ventures Vehicle and ITVFC in 2019" in this section. Immediately following the allotment and issue of such series A preferred shares, the shareholding of Yoho E-Commerce is set forth below:

Shareholders of Yoho E-Commerce	Number of shares	Shareholding in Yoho E-Commerce (%)[4]
Mr. Wu	74,460,000 ordinary shares	44.9
Ms. Tsui	71,540,000 ordinary shares	43.1
Beyond Ventures Vehicle [1]	13,500,000 series A preferred shares[3]	8.1
ITVFC [2]	6,500,000 series A preferred shares[3]	3.9
	146,000,000 ordinary shares 20,000,000 series A preferred shares[3]	100

Notes:

(1) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(2) For further details of ITVFC, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 1. ITVFC" in this section.

(3) In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho E-Commerce, the holder of the series A preferred shares of Yoho E-Commerce shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho E-Commerce, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho E-Commerce enjoyed the same voting rights of a holder of the ordinary shares of Yoho E-Commerce.

(4) Assuming that all series A preferred shares have been converted into an equal number of ordinary shares.

On 30 June 2019, Beyond Ventures Vehicle exercised the call option pursuant to the call option agreement dated 7 January 2019 to subscribe for a total of 10,931,707 series A preferred shares of Yoho E-Commerce at a total consideration of HK$13,500,000 on 11 October 2019. ITVFC subscribed for a total of 5,263,415 series A preferred shares of Yoho E-Commerce at a total consideration of HK$6,500,000 on 7 November 2019. For further details, please see "Pre-IPO Investment — Overview — (1) Investments by Beyond Ventures Vehicle and ITVFC in 2019" in this section. Immediately following the allotment and issue of such series A preferred shares, the shareholding of Yoho E-Commerce is set forth below:

Shareholders of Yoho E-Commerce	**Number of shares**	**Shareholding in Yoho E-Commerce** *(%)*[(4)]
Mr. Wu	74,460,000 ordinary shares	40.9
Ms. Tsui	71,540,000 ordinary shares	39.3
Beyond Ventures Vehicle [(1)]	24,431,707 series A preferred shares [(3)]	13.4
ITVFC [(2)]	11,763,415 series A preferred shares [(3)]	6.4
	146,000,000 ordinary shares 36,195,122 series A preferred shares [(3)]	100

Notes:

(1) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(2) For further details of ITVFC, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 1. ITVFC" in this section.

(3) In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho E-Commerce, the holder of the series A preferred shares of Yoho E-Commerce shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho E-Commerce, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho E-Commerce enjoyed the same voting rights of a holder of the ordinary shares of Yoho E-Commerce.

(4) Assuming that all series A preferred shares have been converted into an equal number of ordinary shares.

As part of the Reorganisation, on 30 March 2021, Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC transferred all of their respective shareholdings in Yoho E-Commerce, representing the entire issued share capital of Yoho E-Commerce, to Yoho BVI, which was settled by way of an allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares, 24,431,707 series A preferred shares and 11,763,415 series A preferred shares to Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC, respectively, by Yoho BVI. For further details, please see "Reorganisation — Acquisition of Yoho E-Commerce and issue of shares by Yoho BVI" in this section.

Yoho Retail

Yoho Retail was incorporated in Hong Kong on 20 February 2014 as a limited liability company, which is principally engaged in the provision of both online and offline Hong Kong e-commerce retail services.

Upon incorporation, 10,000 ordinary shares were allotted and issued to Mr. Wu. On 3 October 2018, Mr. Wu transferred 10,000 shares of Yoho Retail, representing the entire issued share capital of Yoho Retail, to Yoho E-Commerce. Upon completion of such transfer, Yoho Retail became wholly-owned by Yoho E-Commerce.

Globiz

Globiz was incorporated in Hong Kong on 6 August 2008 as a limited liability company, which is principally engaged in the offline wholesale and trading of Consumer Electronics and Home Appliances.

Upon incorporation, 10,000 ordinary shares were allotted and issued to Mr. Wu. On 3 October 2018, Mr. Wu transferred 10,000 shares of Globiz, representing the entire issued share capital of Globiz, to Yoho E-Commerce. Upon completion of such transfer, Globiz became wholly-owned by Yoho E-Commerce.

Major Acquisitions and Disposals

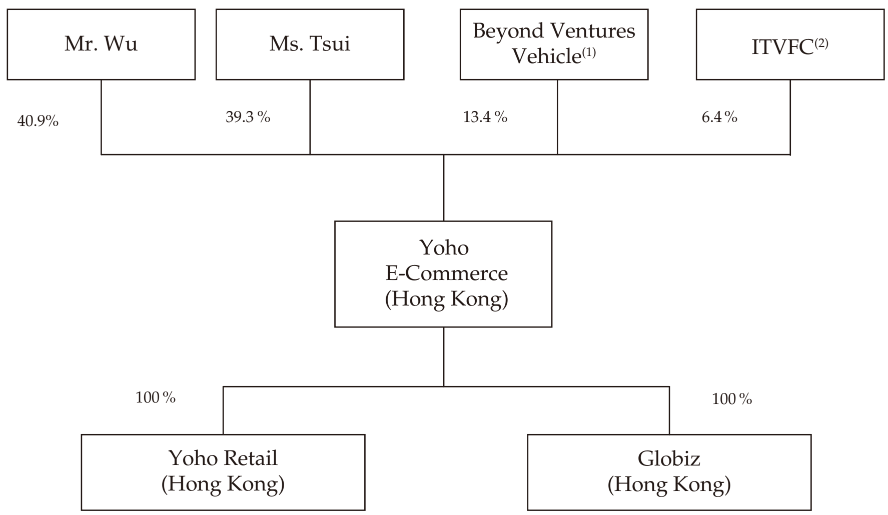
During the Track Record Period and up to the Latest Practicable Date, save as conducted as part of the Reorganisation, we did not conduct any major acquisitions, disposals or mergers.

REORGANISATION

Our structure immediately prior to the Reorganisation

In preparation for the Global Offering, we underwent the Reorganisation to establish our corporate structure. Our Company became the holding company and the listing vehicle of our Group upon completion of the Reorganisation.

The following diagram illustrates our shareholding structure immediately prior to the Reorganisation:



Notes:

(1) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(2) For further details of ITVFC, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 1. ITVFC" in this section.

Incorporation of Yoho BVI

Yoho BVI was incorporated in the BVI with limited liability on 17 March 2021 to act as our intermediate holding company and is authorised to issue up to a maximum of 50,000 shares without par value. Upon incorporation, one share was allotted and issued to Mr. Wu. Upon completion of such allotment, Yoho BVI became wholly-owned by Mr. Wu.

Acquisition of Yoho E-Commerce and issue of shares by Yoho BVI

On 30 March 2021, Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC transferred all of their respective shareholdings in Yoho E-Commerce, representing the entire issued share capital of Yoho E-Commerce, to Yoho BVI, which was settled by way of an allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares, 24,431,707 series A preferred shares and 11,763,415 series A preferred shares to Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC, respectively, by Yoho BVI. The shares were allotted and issued in such numbers to reflect the allottees' shareholding in Yoho E-Commerce immediately before the transfer of their respective shareholdings in Yoho E-Commerce to Yoho BVI. Upon completion of the aforesaid transfer, Yoho E-Commerce became wholly-owned by Yoho BVI.

The shareholding of Yoho BVI immediately after the completion of the aforesaid allotment is set forth below:

Shareholders of Yoho BVI	Number of shares	Shareholding in Yoho BVI immediately after the completion of the aforesaid allotment (%)[4]
Mr. Wu	74,460,000 ordinary shares	40.9
Ms. Tsui	71,540,000 ordinary shares	39.3
Beyond Ventures Vehicle [1]	24,431,707 series A preferred shares [3]	13.4
ITVFC [2]	11,763,415 series A preferred shares [3]	6.4
	146,000,000 ordinary shares 36,195,122 series A preferred shares [3]	100

Notes:

(1) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(2) For further details of ITVFC, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 1. ITVFC" in this section.

(3) In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho BVI, the holder of the series A preferred shares of Yoho BVI shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho BVI, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho BVI enjoyed the same voting rights of a holder of the ordinary shares of Yoho BVI.

(4) Assuming that all series A preferred shares have been converted into an equal number of ordinary shares.

Incorporation of offshore holding companies and our Company

Mr. Wu and Ms. Tsui each incorporated a wholly-owned investment holding company in the BVI, namely The Mearas Venture and The Wings Venture, respectively, on 14 April 2021.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2021 as the ultimate holding company of our Group with an authorised share capital of US$50,000 divided into 50,000 shares of a par value of US$1.0 each. Upon incorporation, one Share was allotted and issued at par to an initial subscriber, an Independent Third Party, and was transferred to Mr. Wu on the same day. On 20 May 2021, in preparation for the acquisition of Yoho BVI by our Company, each issued and unissued share of US$1.00 par value in the authorised share capital of our Company was subdivided into 10,000 Shares of US$0.0001 par value each.

Acquisition of ITVFC's shareholding in Yoho BVI by Beyond Ventures Vehicle

Following Beyond Ventures' exercise of the call option granted by ITVFC to acquire the series A preferred shares of Yoho BVI in accordance with the master agreement dated 13 July 2018 entered into between ITVFC and Beyond Ventures, Beyond Ventures Vehicle acquired 11,763,415 series A preferred shares of Yoho BVI from ITVFC on 27 April 2021 at a consideration of HK$13,797,345.2, which was determined in accordance with the agreed mechanism set out in such master agreement, i.e. the cost of the principal amount plus interests accrued on such principal amount at the prescribed interest rate.

The shareholding of Yoho BVI immediately after the completion of the aforesaid acquisition is set forth below:

Shareholders of Yoho BVI	Number of shares	Shareholding in Yoho BVI immediately after the completion of the aforesaid acquisition *(%)*[(3)]
Mr. Wu	74,460,000 ordinary shares	40.9
Ms. Tsui	71,540,000 ordinary shares	39.3
Beyond Ventures Vehicle [(1)]	36,195,122 series A preferred shares [(2)]	19.8
	146,000,000 ordinary shares 36,195,122 series A preferred shares [(2)]	100

Notes:

(1) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(2) In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho BVI, the holder of the series A preferred shares of Yoho BVI shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho BVI, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho BVI enjoyed the same voting rights of a holder of the ordinary shares of Yoho BVI.

(3) Assuming that all series A preferred shares have been converted into an equal number of ordinary shares.

Acquisition of Yoho BVI by our Company

On 21 May 2021, Mr. Wu, Ms. Tsui and Beyond Ventures Vehicle transferred all of their respective shareholdings in Yoho BVI, representing the entire issued share capital of Yoho BVI, to our Company, which was settled by way of an allotment and issue of (i) Shares to The Mearas Venture (as Mr. Wu's nominee) and The Wings Venture (as Ms. Tsui's nominee), and (ii) Series A Preferred Shares to Beyond Ventures Vehicle and the parties designated by Beyond Ventures Vehicle, who/which were the strategic partners of Beyond Ventures. The shares were allotted and issued in such numbers to reflect the allottees' shareholdings in Yoho BVI immediately before the transfer of their respective shareholdings in Yoho BVI to our Company, and in the case of Beyond Ventures Vehicle and its designated parties, Beyond Ventures Vehicle's and such strategic partners' interests in Yoho BVI via Beyond Ventures Vehicle. For further details on Beyond Ventures Vehicles and its designated parties, please see "Pre-IPO Investment — Information on the Pre-IPO Investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle — (ii) Entities at the limited partners and strategic partners level" in this section. Immediately after such allotment, our Company repurchased all of the Shares held by Mr. Wu at par value.

The shareholding of our Company immediately after the completion of the aforesaid allotment and repurchase is set forth below:

Shareholders of our Company	**Number of shares**	**Shareholding in our Company immediately after the completion of the aforesaid allotment and repurchase** *(%)*[10]
The Mearas Venture [1]	74,460,000 Shares	40.9
The Wings Venture [2]	71,540,000 Shares	39.3
Beyond Ventures Vehicle [3]	15,812,196 Series A Preferred Shares [9]	8.7
Welight Innovation L.P. [4]	5,000,000 Series A Preferred Shares [9]	2.7
Royce City (MHT) Limited [5]	3,619,512 Series A Preferred Shares [9]	2.0
Method King Limited [6]	2,000,000 Series A Preferred Shares [9]	1.0
Ms. Chiang Lai Ling [7]	6,143,902 Series A Preferred Shares [9]	3.4
Mr. Szeto Chi Yan Stanley [8]	3,619,512 Series A Preferred Shares [9]	2.0
	146,000,000 Shares 36,195,122 Series A Preferred Shares [9]	100

Notes:

(1) The Mearas Venture is wholly-owned by Mr. Wu.

(2) The Wings Venture is wholly-owned by Ms. Tsui.

(3) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(4) For further details of Welight Innovation L.P., please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (c) Welight Innovation L.P." in this section.

(5) For further details of Royce City (MHT) Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (d) Royce City (MHT) Limited" in this section.

(6) For further details of Method King Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 7. Pre-IPO investors relating to Gaw Capital Partners — (a) Method King Limited" in this section.

(7) For further details of Ms. Chiang Lai Ling, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 9. Pre-IPO investors relating to the Chiang family — (a) Ms. Chiang Lai Ling" in this section.

(8) For further details of Mr. Szeto Chi Yan Stanley, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (d) Mr. Szeto Chi Yan Stanley" in this section.

(9) In the event of a deemed liquidation event or any liquidation, dissolution or winding up of our Company, the holder of the Series A Preferred Shares shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the Shares, an amount per share equal to HK$1.0 (irrespective of the original purchase price paid for such Series A Preferred Shares by the respective holder thereof), together with any declared but unpaid dividends. The holder of Series A Preferred Shares enjoys the same voting rights of a holder of the Shares.

(10) Assuming that all Series A Preferred Shares have been converted into an equal number of Shares.

Incorporation of Yo Cheers (BVI) and the transfer of shares of our Company from The Wings Venture to Yo Cheers (BVI)

As part of the Reorganisation and with a view to recognise the contribution of certain employees to the growth of our Group, The Wings Venture transferred a total of 1,153,965 Shares to Yo Cheers (BVI), which is a wholly-owned company of Ms. Tsui incorporated in the BVI on 7 May 2021, at a nominal consideration on 21 May 2021 for the purpose of a possible employee share incentive plan to be adopted by our Company.

The shareholding of our Company immediately after the completion of the aforesaid transfer is set forth below:

Shareholders of our Company	Number of shares	Shareholding in our Company immediately after the completion of the aforesaid transfer (%)[11]
The Mearas Venture [1]	74,460,000 Shares	40.9
The Wings Venture [2]	70,386,035 Shares	38.7
Beyond Ventures Vehicle [3]	15,812,196 Series A Preferred Shares [10]	8.7
Welight Innovation L.P. [4]	5,000,000 Series A Preferred Shares [10]	2.7
Royce City (MHT) Limited [5]	3,619,512 Series A Preferred Shares [10]	2.0
Method King Limited [6]	2,000,000 Series A Preferred Shares [10]	1.0
Yo Cheers (BVI) [7]	1,153,965 Shares	0.6
Ms. Chiang Lai Ling [8]	6,143,902 Series A Preferred Shares [10]	3.4
Mr. Szeto Chi Yan Stanley [9]	3,619,512 Series A Preferred Shares [10]	2.0
	146,000,000 Shares 36,195,122 Series A Preferred Shares [10]	100

Notes:

(1) The Mearas Venture is wholly-owned by Mr. Wu.

(2) The Wings Venture is wholly-owned by Ms. Tsui.

(3) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(4) For further details of Welight Innovation L.P., please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (c) Welight Innovation L.P." in this section.

(5) For further details of Royce City (MHT) Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (d) Royce City (MHT) Limited" in this section.

(6) For further details of Method King Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 7. Pre-IPO investors relating to Gaw Capital Partners — (a) Method King Limited" in this section.

(7) Yo Cheers (BVI) is wholly-owned by Ms. Tsui, and was established to hold Shares for the purpose of a possible employee share incentive plan to be adopted by our Company.

(8) For further details of Ms. Chiang Lai Ling, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 9. Pre-IPO investors relating to the Chiang family — (a) Ms. Chiang Lai Ling" in this section.

(9) For further details of Mr. Szeto Chi Yan Stanley, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (d) Mr. Szeto Chi Yan Stanley" in this section.

(10) In the event of a deemed liquidation event or any liquidation, dissolution or winding up of our Company, the holder of the Series A Preferred Shares shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the Shares, an amount per share equal to HK$1.0 (irrespective of the original purchase price paid for such Series A Preferred Shares by the respective holder thereof), together with any declared but unpaid dividends. The holder of Series A Preferred Shares enjoys the same voting rights of a holder of the Shares.

(11) Assuming that all Series A Preferred Shares have been converted into an equal number of Shares.

THE CAPITALISATION ISSUE

Subject to the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Company will, on the Listing Date, allot and issue a total of 247,773,777 Shares credited as fully paid at par to the holders of Shares and Series A Preferred Shares whose names appear on the register of members of our Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue in proportion to their respective shareholdings (assuming that all Series A Preferred Shares have been converted into Shares on an one-to-one basis) (save that no Shareholder or holder of Series A Preferred Shares shall be entitled to be allotted and issued any fraction of a Share) by capitalising the relevant sum from the share premium account of our Company. The Shares allotted and issued pursuant to the Capitalisation Issue will rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

PRE-IPO INVESTMENT

Overview

Our Group underwent two rounds of pre-IPO investments in 2019 and 2021, respectively.

(1) Investments by Beyond Ventures Vehicle and ITVFC in 2019

On 7 January 2019, Beyond Ventures Vehicle entered into a deed of subscription with Mr. Wu, Ms. Tsui and Yoho E-Commerce to subscribe for 13,500,000 series A preferred shares of Yoho E-Commerce at a consideration of HK$13,500,000. On 16 April 2019, ITVFC entered into a deed of subscription with Mr. Wu, Ms. Tsui and Yoho E-Commerce to subscribe for a total of 6,500,000 series A preferred shares of Yoho E-Commerce at a consideration of HK$6,500,000. The basis of the total consideration of HK$20,000,000 paid by Beyond Ventures Vehicle and ITVFC was determined based on arm's length negotiations between our Group and Beyond Ventures with reference to the then agreed post-money valuation of our Group in the amount of HK$166,000,000 after considering the then price-to-sales (P/S) ratio of our Group and those of our market comparables.

On 7 January 2019, along with the deed of subscription, Beyond Ventures Vehicle entered into a call option agreement with Yoho E-Commerce (the "**2019 Call Option Agreement**"), pursuant to which Beyond Ventures Vehicle had an option until 30 June 2019 to subscribe for up to a total of 16,195,122 series A preferred shares of Yoho E-Commerce for an amount of up to HK$20,000,000 at a post-money valuation of HK$225,000,000 (which was determined based on arm's length negotiations between our Group and Beyond Ventures with reference to the above valuation of HK$166,000,000 agreed during Beyond Ventures Vehicle's initial investment as well as considering the prospects of our Group at that time). Following its service of the notice to exercise the call option, Beyond Ventures Vehicle subscribed on 11 October 2019 for a total of 10,931,707 series A preferred shares of Yoho E-Commerce at a total consideration of

HK$13,500,000 at approximately HK$1.23 per series A preferred share of Yoho E-Commerce. Following Beyond Ventures' invitation to ITVFC to co-invest in the subscription of further series A preferred shares of Yoho E-Commerce, ITVFC subscribed on 7 November 2019 for a total of 5,263,415 series A preferred shares of Yoho E-Commerce at a total consideration of HK$6,500,000 at approximately HK$1.23 per series A preferred share of Yoho E-Commerce. Following the above subscription by Beyond Ventures Vehicle and ITVFC, the 2019 Call Option Agreement was fully discharged and Beyond Ventures Vehicle does not have any further option to subscribe for any series A preferred shares of Yoho E-Commerce.

The below table summarises the principal terms of the investments into Yoho E-Commerce by Beyond Ventures Vehicle and ITVFC:

Name of Pre-IPO Investor	Date of agreement	Total consideration paid	Date on which consideration was fully paid	Approximate investment cost per share	Discount to the Offer Price[(1)]	Shareholding in our Company immediately after the Global Offering[(1)]	Lock-up
Beyond Ventures Vehicle	(a) Deed of subscription: 7 January 2019 (b) Share subscription agreement entered pursuant to the call option agreement dated 7 January 2019: 11 October 2019	(a) Deed of subscription: HK$13,500,000 (b) Share subscription agreement entered pursuant to the call option agreement dated 7 January 2019: HK$13,500,000	(a) Deed of subscription: 7 January 2019 (b) Share subscription agreement entered pursuant to the call option agreement dated 7 January 2019: 18 October 2019	(a) Deed of subscription: HK$1.0 (b) Share subscription agreement entered pursuant to the call option agreement dated 7 January 2019: HK$1.23	67.8%[(2)]	7.1%[(2)]	As part of the Reorganisation, Beyond Ventures Vehicle and its designated parties became shareholders of our Company and the Shares held by them in our Company will be subject to a lock-up period of six months following the Listing.
ITVFC	(a) Deed of subscription: 16 April 2019 (b) Share subscription agreement: 7 November 2019	(a) Deed of subscription: HK$6,500,000 (b) Share subscription agreement: HK$6,500,000	(a) Deed of subscription: 16 April 2019 (b) Share subscription agreement: 8 November 2019	(a) Deed of subscription: HK$1.0 (b) Share subscription agreement : HK$1.23	N.A.[(3)]	N.A.[(3)]	N.A.[(3)]

Notes:

(1) Discounts were offered to the Pre-IPO Investors because they bear a relatively higher risk and face more uncertainties in terms of our Company's application for listing on the Stock Exchange. The discount to the Offer Price was calculated by assuming no exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme.

(2) As part of the Reorganisation, (i) Beyond Ventures Vehicle's interests in Yoho E-Commerce was acquired by Yoho BVI on the basis of one series A preferred share of Yoho E-Commerce to one series A preferred share of Yoho BVI, which was then acquired by our Company on the basis of one series A preferred share of Yoho BVI to one Series A Preferred Share, and Beyond Ventures Vehicle, together with certain of its strategic partners, became shareholders of our Company, and (ii) Beyond Ventures Vehicle acquired 11,763,415 series A preferred shares of Yoho BVI from ITVFC. Assuming the Offer Price is fixed at HK$2.35, being the mid-point of the indicative Offer Price range, and based on the number of Shares to be held by Beyond Ventures Vehicle immediately following the completion of the Capitalisation Issue.

(3) Immediately after the acquisition of ITVFC's shareholding in Yoho BVI by Beyond Ventures Vehicle, ITVFC ceased to be a shareholder of our Group. For further details, please see "Reorganisation — Acquisition of ITVFC's shareholding in Yoho BVI by Beyond Ventures Vehicle" in this section.

Use of proceeds and strategic benefits of such pre-IPO investments to our Group

At the time of the pre-IPO investments in 2019, our then directors of Yoho E-Commerce were of the view that in addition to providing working capital, our Group could also benefit from Beyond Ventures' strategic advice to continue to expand our business and ITVFC's support to our Group as a backer of local innovation and technology start-up in Hong Kong.

As at the Latest Practicable Date, we have utilised all of the net proceeds from the pre-IPO investments of Beyond Ventures Vehicle and ITVFC to primarily fund the development, launch, and ongoing operations of our Group, which primarily included our software, web service, and marketing/outreach activities.

(2) Investments by the 2021 Pre-IPO Investors

(a) Investments by the 2021 Pre-IPO New Shares Investors

On 20 May 2021, the 2021 Pre-IPO New Shares Investors, our Company, Mr. Wu and Ms. Tsui entered into a subscription agreement, pursuant to which the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 Series A Preferred Shares at a total consideration of US$8,250,000, the basis of which was determined based on arm's length negotiations between the parties with reference to the then agreed post-money valuation of our Group in the amount of approximately US$108,250,000 (approximately HK$842,200,000) after considering the then price-to-sales (P/S) ratio of our Group and those of our market comparables.

The below table summarises the principal terms of the investments by the 2021 Pre-IPO New Shares Investors:

Name of Pre-IPO Investor	Date of agreement	Total consideration paid (*US$*)	Date on which consideration was fully paid	Approximate investment cost per Share(1) (*HK$*)	Discount to the Offer Price(2)	Shareholding in our Company immediately after the Global Offering(3)
Japan Home Centre (Management) Ltd (4)	20 May 2021	3,000,000	20 May 2021	1.89	19.5%	2.5%
Method King Limited (5)	20 May 2021	800,000	20 May 2021	1.89	19.5%	1.6%(6)
Triple Gold Enterprise Limited (7)	20 May 2021	700,000	18 May 2021	1.89	19.5%	0.6%
Cell Rising Capital (BVI) Limited (8)	20 May 2021	610,000	20 May 2021	1.89	19.5%	0.5%
EVO Fund (9)	20 May 2021	500,000	21 May 2021	1.89	19.5%	0.4%

Name of Pre-IPO Investor	Date of agreement	Total consideration paid *(US$)*	Date on which consideration was fully paid	Approximate investment cost per Share[1] *(HK$)*	Discount to the Offer Price[2]	Shareholding in our Company immediately after the Global Offering[3]
Wealth Power Asia Investment Ltd [10]	20 May 2021	390,000	18 May 2021	1.89	19.5%	0.3%
Ms. Lam Suk Ling Shirley [11]	20 May 2021	300,000	17 May 2021	1.89	19.5%	0.2%
Mr. Hoong Cheong Thard [12]	20 May 2021	250,000	17 May 2021	1.89	19.5%	0.2%
Mr. Adamczyk Alexis Thomas David [13]	20 May 2021	250,000	18 May 2021	1.89	19.5%	0.2%
Ms. Chiu Jennifer Wendy[14]	20 May 2021	235,000	18 May 2021	1.89	19.5%	0.2%
Ms. Chiu Wing Kwan Winnie [15]	20 May 2021	235,000	18 May 2021	1.89	19.5%	0.2%
Mr. Tsoi Yiu Ting [16]	20 May 2021	150,000	21 May 2021	1.89	19.5%	0.1%
Mr. Wu Arthur [17]	20 May 2021	125,000	17 May 2021	1.89	19.5%	0.1%
Mr. Wu Shang Hong Jason [18]	20 May 2021	125,000	17 May 2021	1.89	19.5%	0.1%
Mr. Chiu Ka Kui Kenneth [19]	20 May 2021	125,000	17 May 2021	1.89	19.5%	0.1%
Mr. Leung Hon Fai Kevin [20]	20 May 2021	125,000	17 May 2021	1.89	19.5%	0.1%
Mr. Rondouin Hugues Louis Gabriel [21]	20 May 2021	120,000	17 May 2021	1.89	19.5%	0.1%
Infinity Evergreen Limited [22]	20 May 2021	100,000	18 May 2021	1.89	19.5%	0.1%
Ms. Li Ying [23]	20 May 2021	50,000	18 May 2021	1.89	19.5%	Less than 0.1%
Ms. Geffner Xin Yue Jasmine [24]	20 May 2021	30,000	20 May 2021	1.89	19.5%	less than 0.1%
Ms. Shi Huiting [25]	20 May 2021	30,000	17 May 2021	1.89	19.5%	less than 0.1%

Notes:

(1) The subscription price per Series A Preferred Share paid by the 2021 Pre-IPO New Shares Investors was higher than the price per Share paid by the 2021 Pre-IPO Existing Shares Investors to The Wings Venture because the Series A Preferred Shares subscribed by the 2021 Pre-IPO New Shares Investors were preferred shares which afforded the holders special rights (which will terminate upon the Listing), whereas the shares purchased by the 2021 Pre-IPO Existing Shares Investors from The Wings Venture were ordinary shares and did not enjoy such rights.

(2) Discounts were offered to the Pre-IPO Investors because they bear a relatively higher risk and face more uncertainties in terms of our Company's application for listing on the Stock Exchange. The discount to the Offer Price was calculated by assuming no exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, and the Offer Price is fixed at HK$2.35, being the mid-point of the indicative Offer Price range; and based on the number of Shares to be held by the Pre-IPO Investors immediately following the completion of the Capitalisation Issue.

(3) Assuming no exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme.

(4) For further details of Japan Home Centre (Management) Ltd, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 3. Japan Home Centre (Management) Ltd" in this section.

(5) For further details of Method King Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 7. Pre-IPO investors relating to Gaw Capital Partners — (a) Method King Limited" in this section.

(6) On 27 April 2021, Beyond Ventures Vehicle acquired 11,763,415 series A preferred shares of Yoho BVI from ITVFC at a consideration of HK$13,797,345.2. On 21 May 2021, 2,000,000 Series A Preferred Shares were alloted and issued to Method King Limited as one of the parties designated by Beyond Ventures Vehicles who/which were strategic partners of Beyond Ventures. Accordingly, the corresponding investment cost of Method King Limited was HK$762,387.0.

(7) For further details of Triple Gold Enterprise Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors — (b) Triple Gold Enterprise Limited" in this section.

(8) For further details of Cell Rising Capital (BVI) Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 9. Pre-IPO investors relating to the Chiang family — (b) Cell Rising Capital (BVI) Limited" in this section.

(9) For further details of EVO Fund, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 10. EVO Fund" in this section.

(10) For further details of Wealth Power Asia Investment Ltd, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 9. Pre-IPO investors relating to the Chiang family — (c) Wealth Power Asia Investment Ltd" in this section.

(11) For further details of Ms. Lam Suk Ling Shirley, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (f) Ms. Lam Suk Ling Shirley" in this section.

(12) For further details of Mr. Hoong Cheong Thard, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 5. Pre-IPO investors relating to the Chiu Family — (c) Mr. Hoong Cheong Thard" in this section.

(13) For further details of Mr. Adamczyk Alexis Thomas David, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 5. Pre-IPO investors relating to the Chiu Family — (d) Mr. Adamczyk Alexis Thomas David, one of our Non-executive Directors" in this section.

(14) For further details of Ms. Chiu Jennifer Wendy, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 5. Pre-IPO investors relating to the Chiu Family — (a) Ms. Chiu Jennifer Wendy" in this section.

(15) For further details of Ms. Chiu Wing Kwan Winnie, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 5. Pre-IPO investors relating to the Chiu Family — (b) Ms. Chiu Wing Kwan Winnie" in this section.

(16) For further details of Mr. Tsoi Yiu Ting, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (g) Mr. Tsoi Yiu Ting" in this section.

(17) For further details of Mr. Wu Arthur, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 6. The Wu Family — (a) Mr. Wu Arthur" in this section.

(18) For further details of Mr. Wu Shang Hong Jason, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 6. The Wu Family — (b) Mr. Wu Shang Hong Jason" in this section.

(19) For further details of Mr. Chiu Ka Kui Kenneth, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (h) Mr. Chiu Ka Kui Kenneth" in this section.

(20) For further details of Mr. Leung Hon Fai Kevin, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (e) Mr. Leung Hon Fai Kevin" in this section.

(21) For further details of Mr. Rondouin Hugues Louis Gabriel, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (b) Mr. Rondouin Hugues Louis Gabriel" in this section.

(22) For further details of Infinity Evergreen Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 11. Infinity Evergreen Limited" in this section.

(23) For further details of Ms. Li Ying, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (a) Ms. Li Ying" in this section.

(24) For further details of Ms. Geffner Xin Yue Jasmine, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 5. Pre-IPO investors relating to the Chiu Family — (e) Ms. Geffner Xin Yue Jasmine" in this section.

(25) For further details of Ms. Shi Huiting, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 5. Pre-IPO investors relating to the Chiu Family — (f) Ms. Shi Huiting" in this section.

(b) Investments by the 2021 Pre-IPO Existing Shares Investors

On 21 May 2021, the 2021 Pre-IPO Existing Shares Investors purchased from The Wings Venture a total of 7,921,527 Shares at a total consideration of US$4,000,000 (approximately HK$31,120,000), the basis of which was determined based on arm's length negotiations between the parties with reference to the then agreed post-money valuation of our Group in the amount of approximately US$108,250,000 (approximately HK$842,200,000) after considering the then price-to-sales (P/S) ratio of our Group and those of our market comparables. For further details relating to the difference in the subscription price per Series A Preferred Share paid by the 2021 Pre-IPO New Shares Investors and the price per Share paid by the 2021 Pre-IPO Existing Shares Investors to The Wings Venture, please see note (1) as set forth in "History, reorganisation and corporate structure — Pre-IPO Investment — Overview — (2) Investments by the 2021 Pre-IPO Investors — (a) Investments by the 2021 Pre-IPO New Shares Investors" in this section.

The below table summarises the principal terms of the investments by the 2021 Pre-IPO Existing Shares Investors:

Name of Pre-IPO Investor	Date of the share transfer	Total consideration paid *(US$)*	Date on which consideration was fully paid	Approximate cost per Share *(HK$)*	Discount to the Offer Price(1)	Shareholding in our Company immediately after the Global Offering(2)
iClick Interactive Asia Limited (3)	21 May 2021	1,000,000	17 May 2021	1.74	25.9%	0.9%
Mr. Tsang Wing Fung (4)	21 May 2021	850,000	17 May 2021	1.74	25.9%	0.8%
Sweetie Well Global Investment Limited (5)	21 May 2021	500,000	20 May 2021	1.74	25.9%	0.4%
Mr. Man Lap (6)	21 May 2021	500,000	18 May 2021	1.74	25.9%	0.4%
Mr. Yeung Sheng Wu Danny (7)	21 May 2021	500,000	17 May 2021	1.74	25.9%	0.4%
Royce City (MHT) Limited (8)	21 May 2021	500,000	20 May 2021	1.74	25.9%	2.0% (9)
Ms. Tao Mei Shan Lisa (10)	21 May 2021	150,000	17 May 2021	1.74	25.9%	0.1%

Notes:

(1) Discounts were offered to the Pre-IPO Investors because they bear a relatively higher risk and face more uncertainties in terms of our Company's application for listing on the Stock Exchange. The discount to the Offer Price was calculated by assuming no exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, and the Offer Price is fixed at HK$2.35, being the mid-point of the indicative Offer Price range; and based on the number of Shares to be held by the Pre-IPO Investors immediately following the completion of the Capitalisation Issue.

(2) Assuming no exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme.

(3) For further details of iClick Interactive Asia Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors — (a) iClick Interactive Asia Limited" in this section.

(4) For further details of Mr. Tsang Wing Fung, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 8. Pre-IPO investors relating to the Tsang family — (a) Mr. Tsang Wing Fung" in this section.

(5) For further details of Sweetie Well Global Investment Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 12. Sweetie Well Global Investment Limited" in this section.

(6) For further details of Mr. Man Lap, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (b) Mr. Man Lap, one of our Non-executive Directors" in this section.

(7) For further details of Mr. Yeung Sheng Wu Danny, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 13. Other individual pre-IPO investors — (c) Mr. Yeung Sheng Wu Danny" in this section.

(8) For further details of Royce City (MHT) Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (d) Royce City (MHT) Limited" in this section.

(9) On 27 April 2021, Beyond Ventures Vehicle acquired 11,763,415 series A preferred shares of Yoho BVI from ITVFC at a consideration of HK$13,797,345.2. On 21 May 2021, 3,619,512 Series A Preferred Shares were alloted and issued to Royce City (MHT) Limited as one of the parties designated by Beyond Ventures Vehicles who/which were strategic partners of Beyond Ventures. Accordingly, the corresponding investment cost of Royce City (MHT) Limited was HK$1,379,734.4.

(10) For further details of Ms. Tao Mei Shan Lisa, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 8. Pre-IPO investors relating to the Tsang family — (b) Ms. Tao Mei Shan Lisa" in this section.

Use of proceeds and strategic benefits of such pre-IPO investments to our Group

To show our gratitude to the overwhelming demand for our Shares from various reputable individuals and corporations in various industries, including but not limited to the information technology, retail and e-commerce industries, we have decided to invite more than 20 pre-IPO investors to become the shareholders of our Company as part of our pre-IPO investments in 2021.

Our then Directors were of the view that the pre-IPO investments from the 2021 Pre-IPO New Shares Investors had provided working capital to our Group. Further, given that many of the 2021 Pre-IPO Investors are well-known individuals or corporations with significant expertise from different industries, our Group could also benefit from their advice for our continued growth as well as their support to our Group as an endorsement of our Group's position as a company in Hong Kong with attractive growth potential.

As at the Latest Practicable Date, approximately 37.6% of the net proceeds from the pre-IPO investments by the 2021 Pre-IPO New Shares Investors were utilised. Our Company utilized and will continue to utilize such proceeds to fund the marketing/outreach activities of our Group and to settle the professional fees and other expenses relating to the Global Offering.

Special rights of the Pre-IPO Investors

In addition to the terms described above, a shareholders agreement was entered into between, among others, Beyond Ventures Vehicle, Mr. Wu, Ms. Tsui and Yoho E-Commerce on 7 January 2019 in relation to Yoho E-Commerce (the "**2019 Shareholders Agreement**"), pursuant to which certain shareholder rights were agreed among the parties. On 12 April 2019, a deed of adherence was entered into by ITVFC, pursuant to which ITVFC agreed to comply with the 2019 Shareholders Agreement.

A summary of the major special shareholder rights is set forth below:

- *Director nomination right*. Mr. Wu and Ms. Tsui shall jointly be entitled to nominate two directors and Beyond Ventures Vehicle shall be entitled to nominate one director.

- *Right of first offer.* If any shareholder proposes to transfer any equity securities of Yoho E-Commerce to any person, he/she shall first offer to transfer such equity securities to Beyond Ventures Vehicle and ITVFC.

- *Pre-emptive rights.* If the board of Yoho E-Commerce proposes to allot any equity securities of Yoho E-Commerce, Yoho E-Commerce shall first offer to allot such equity securities to the holders of the issued equity securities of the same class.

- *Tag-along right.* If a holder of the ordinary shares of Yoho E-Commerce proposes to transfer his/her ordinary shares to any person, each of Beyond Ventures Vehicle and ITVFC shall be entitled to require such person to purchase their series A preferred shares of Yoho E-Commerce on the same terms and conditions.

- *Option to further invest.* Beyond Ventures Vehicle shall have the option to further invest in Yoho E-Commerce in accordance with the 2019 Call Option Agreement. For further details in relation to 2019 Call Option Agreement, please see "Corporate development of our Group — Our major subsidiaries and operating entities — Yoho E-Commerce" in this section.

- *Reserved matters.* Certain corporate actions in relation to Yoho E-Commerce would require approval by Beyond Ventures Vehicle and ITVFC, for example, (i) issuance of shares of Yoho E-Commerce or any securities that are convertible into shares of Yoho E-Commerce and (ii) the amendment of the constitutional documents.

- *Information and accounts inspection rights.* Yoho E-Commerce shall (i) provide to Beyond Ventures Vehicle and ITVFC all documents and information supplied by Yoho E-Commerce to other shareholders and (ii) allow Beyond Ventures Vehicle and ITVFC to inspect its books of account and records upon prior written notice.

On 26 March 2021, a shareholders agreement was entered into between, among others, Beyond Ventures Vehicle, ITVFC, Mr. Wu, Ms. Tsui and Yoho BVI in relation to Yoho BVI (the "**2021 BVI Shareholders Agreement**"), which superseded the 2019 Shareholders Agreement. Certain shareholder rights, which largely mirrored those in the 2019 Shareholders Agreement, were agreed among the parties. The major difference between the 2019 Shareholders Agreement and the 2021 BVI Shareholders Agreement in relation to shareholder rights was that pursuant to the 2021 BVI Shareholders Agreement, no option to further invest in Yoho BVI was granted to Beyond Ventures Vehicle or ITVFC.

On 21 May 2021, a shareholders agreement was entered into between, among others, Beyond Ventures Vehicle, Welight Innovation L.P., Royce City (MHT) Limited, Mr. Szeto Chi Yan Stanley, Ms. Chiang Lai Ling, the 2021 Pre-IPO New Shares Investors, Mr. Wu, Ms. Tsui and our Company in relation to our Company (the "**2021 Shareholders Agreement**"), pursuant to which certain shareholder rights were agreed among the parties. The 2021 Shareholders Agreement superseded the 2021 BVI Shareholders Agreement. On the same day, a deed of adherence was entered into between, among others, the 2021 Pre-IPO Existing Shares Investors, Beyond Ventures Vehicle, Welight Innovation L.P., Royce City (MHT) Limited, Mr. Szeto Chi Yan Stanley, Ms. Chiang Lai Ling, the 2021 Pre-IPO New Shares Investors, Mr. Wu, Ms. Tsui and our Company, pursuant to which the 2021 Pre-IPO Existing Shares Investors agreed to comply with the 2021 Shareholders Agreement. Certain shareholder rights were agreed among the parties and certain special rights were granted by our Company to the 2021 Pre-IPO New Shares Investors pursuant to the 2021 Shareholders Agreement.

A summary of the major special shareholder rights is set forth below:

- *Director/Board observer nomination right.* Mr. Wu and Ms. Tsui shall jointly be entitled to nominate two directors, Beyond Ventures Vehicle shall be entitled to nominate one director and Japan Home Centre (Management) Ltd shall be entitled to nominate one person to the Board as an observer.

- *Right of first offer.* If any Shareholder proposes to transfer any equity securities of our Company to any person, he/she/it shall first offer to transfer such equity securities to other Shareholders.

- *Pre-emptive rights.* If our Board proposes to allot any equity securities of our Company, our Company shall first offer to allot such equity securities to the holders of the issued equity securities of the same class.

- *Tag-along right.* If any Shareholder proposes to transfer any Shares to any person, each of the 2021 Pre-IPO New Shares Investors shall be entitled to require such person to purchase all Series A Preferred Shares held by him/her/it on the same terms and conditions.

- *Put option right.* If (i) a QIPO (as defined in the 2021 Shareholders Agreement) does not take place on or before 20 May 2023; or (ii) a Liquidation Event (as defined in the 2021 Shareholders Agreement) occurs, the 2021 Pre-IPO New Shares Investors (other than Japan Home Centre (Management) Ltd) shall be entitled to require our Company to purchase all the equity securities held by the 2021 Pre-IPO New Shares Investors (other than Japan Home Centre (Management) Ltd) or their nominees at the subscription price plus interest as stipulated in the 2021 Shareholders Agreement.

  (i) During the period commencing from the date of 2021 Shareholders Agreement until immediately prior to the submission of application form ("**Listing Application**") to the Stock Exchange for the QIPO and (ii) at any time after the expiry of three months following the Stock Exchange's confirmation in writing that the Listing Application has lapsed and no resubmission of the Listing Application having been made, Japan Home Centre (Management) Ltd shall be entitled to require our Company to purchase all or part of the equity securities held by Japan Home Centre (Management) Ltd or its nominees at the subscription price plus interest as stipulated in the 2021 Shareholders Agreement.

- *Reserved matters.* Certain corporate actions in relation to our Company would require approval by the holders of the Series A Preferred Shares, for example, (i) issuance of Shares or any securities that are convertible into Shares and (ii) the amendment of the constitutional documents.

- *Information and accounts inspection rights.* Our Company shall (i) provide to each holder of the Series A Preferred Shares all documents and information supplied by our Company to other shareholders and (ii) allow each holder of the Series A Preferred Shares to inspect its books of account and records upon prior written notice.

The shareholder rights granted under the 2021 Shareholders Agreement would automatically terminate on, inter alia, the occurrence of a QIPO, meaning a qualified initial public offering of our Company of its ordinary shares on the Stock Exchange in the form as agreed under the 2021 Shareholders Agreement. As confirmed by each of the Pre-IPO Investors pursuant to our shareholders' resolutions passed on 20 May 2022, the Global Offering constitutes a QIPO (as defined in the 2021 Shareholders Agreement), and therefore no special rights granted to the Pre-IPO Investors will survive after the Listing.

Lock-up period

The Shares held by the Pre-IPO Investors (except ITVFC) will be subject to a lock-up period of six months following the Listing.

Information on the Pre-IPO Investors

The background of the Pre-IPO Investors are set forth below to the best knowledge, information and belief of our Directors after having made due and careful enquiries.

1. ITVFC *(Note)*

ITVFC is a limited company incorporated in Hong Kong on 3 February 2017, and a special-purpose vehicle set up by the Hong Kong government to facilitate control and administration of the ITVF Scheme and to co-invest with selected venture capital funds in eligible local innovation and technology start-ups at a matching investment ratio of approximately 1 (ITVFC):2 (selected venture capital funds). ITVFC is an Independent Third Party.

Note: Immediately after the acquisition of ITVFC's shareholding in Yoho BVI by Beyond Ventures Vehicle, ITVFC ceased to be a shareholder of our Group. For further details, please see "Reorganisation — Acquisition of ITVFC's shareholding in Yoho BVI by Beyond Ventures Vehicle" in this section.

2. Pre-IPO investors relating to Beyond Ventures Vehicle

(a) Beyond Ventures Vehicle

Beyond Ventures Vehicle is a company incorporated in the BVI on 8 November 2018. It is wholly-owned by Beyond Ventures, which is an exempted limited partnership registered in the Cayman Islands on 19 July 2017 with (i) Beyond I Capital Limited as its general partner, which is in turn owned by Expand Ocean Limited (an Independent Third Party) as to approximately 28.6%, Mr. Fang Yan Zau Alexander (a professional investor (as defined under the SFO) and an Independent Third Party) as to approximately 28.6%, 3 Musketeers Limited as to approximately 14.3%, Billion Eggs Limited as to approximately 14.2% and Decent Global Limited (an Independent Third Party) as to approximately 14.3%, and (ii) various high net worth individuals and institutional and corporate investors as its limited partners and strategic partners.

(i) Entities at the general partner level

Expand Ocean Limited is a company incorporated in the BVI on 18 April 2011, which is ultimately owned by Hony Partners Group, L.P. as to 80% and Legend

Holdings Corporation (a company listed on the Stock Exchange (stock code: 3396)) as to 20%. Hony Partners Group, L.P. is an exempt limited partnership registered in the Cayman Islands on 11 November 2009 with Hony Managing Partners Limited as its sole general partner, which is in turn wholly-owned by Exponential Fortune Group Limited. As at the Latest Practicable Date, Exponential Fortune Group Limited was held as to 49% by Mr. Zhao John Huan (an Independent Third Party), and the remaining 51% was held by two Independent Third Parties equally. As at the Latest Practicable Date, Expand Ocean Limited also directly owned approximately 16.30% of limited partnership interest of Beyond Ventures, and owned 28.57% interests in Beyond I Special Capital Limited, which in turn held approximately 5.35% of limited partnership interest of Beyond Ventures.

Mr. Fang Yan Zau Alexander is a co-founder of Beyond Ventures. Mr. Fang was a non-executive director of Hing Lee (HK) Holdings Limited (a company listed on the Stock Exchange (stock code: 396)) from 28 July 2006 to 26 March 2014 and an independent non-executive director of Chinney Alliance Group Limited (a company listed on the Stock Exchange (stock code: 385)) from 17 August 2012 to 1 June 2015.

3 Musketeers Limited is a company incorporated in the BVI on 31 October 2014, which is owned by Mr. Man, one of our Non-executive Directors and his spouse, Ms. Ma Siu Yan Sandra, as to 50% and 50%, respectively. As at the Latest Practicable Date, 3 Musketeers Limited was also a limited partner and strategic partner of Beyond Ventures which directly owned a total of approximately 8.34% partnership interest (comprising approximately 3.69% partnership interest as limited partner and approximately 4.65% partnership interest as strategic partner, among which approximately 2.18% strategic partnership interest was in respect of our Group and approximately 2.47% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures), and owned 14.29% interests in Beyond I Special Capital Limited, which in turn held approximately 5.35% of limited partnership interest of Beyond Ventures.

Billion Eggs Limited is a company incorporated in the BVI on 12 February 1997, which is wholly-owned by Ms. Grace Sardjono, who is the sister-in-law of Mr. Man, one of our Non-executive Directors. As at the Latest Practicable Date, Billion Eggs Limited was a limited partner and strategic partner of Beyond Ventures which directly owned a total of approximately 9.20% partnership interest (comprising approximately 3.69% partnership interest as limited partner and approximately 5.51% partnership interest as strategic partner, among which approximately 2.18% strategic partnership interest was in respect of our Group and approximately 3.33% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures), and owned 14.28% interests in Beyond I Special Capital Limited, which in turn held approximately 5.35% of limited partnership interest of Beyond Ventures.

Decent Global Limited is a company incorporated in the BVI on 8 February 2016, which is indirectly wholly-owned by Mr. Marvin Hung, a professional investor (as defined under the SFO) and an Independent Third Party.

(ii) Entities at the limited partners and strategic partners level

To the best knowledge, information and belief of our Directors after having made due and careful enquiries, limited partners of Beyond Ventures have interests in all the investment projects invested by Beyond Ventures, whereas strategic partners of Beyond Ventures only have interests in specific investment projects invested by Beyond Ventures as specified by such strategic partners.

As at the Latest Practicable Date, the limited partnership interests of Beyond Ventures were held as to approximately 60.6% by 11 high net worth individuals and institutional and corporate investors, among which all are Independent Third Parties except 3 Musketeers Limited and Billion Eggs Limited. As at the Latest Practicable Date, apart from Expand Ocean Limited (which directly held approximately 16.30% of limited partnership interest), each of the remaining limited partners held less than 10.0% of limited partnership interest of Beyond Ventures. In particular, Beyond I Special Capital Limited, which held approximately 5.35% of limited partnership interest of Beyond Ventures, was owned as to 28.57% by Expand Ocean Limited, 28.57% by Trendy Speed International Limited (which was wholly-owned by an Independent Third Party, who is a professional investor (as defined under the SFO)), 14.29% by 3 Musketeers Limited, 14.28% by Billion Eggs Limited and 14.29% by Fame Maple Limited (which is indirectly wholly-owned by Mr. Marvin Hung, an Independent Third Party).

As at the Latest Practicable Date, the strategic partnership interests of Beyond Ventures were held as to approximately 39.4% by 26 high net worth individuals and institutional and corporate investors. Apart from 3 Musketeers Limited and Billion Eggs Limited, the remaining strategic partners are Independent Third Parties. As at the Latest Practicable Date, each of the strategic partners held less than 10.0% strategic partnership interest of Beyond Ventures.

Immediately prior to the acquisition of Yoho BVI by our Company, based on the commercial negotiations between Beyond Ventures and the relevant parties, following the acquisition of Yoho BVI by our Company, each of Welight Innovation L.P., Mr. Szeto Chi Yan Stanley and Ms. Chiang Lai Ling (who were strategic partners of Beyond Ventures) ceased to hold strategic partnership interests of Beyond Ventures in respect of our Group, notwithstanding that they continued to be Beyond Ventures' strategic partners in respect of other investment projects invested by Beyond Ventures. Each of Welight Innovation L.P., Mr. Szeto Chi Yan Stanley and Ms. Chiang Lai Ling became the direct shareholders of our Company following the acquisition of Yoho BVI by our Company.

Following the acquisition of Yoho BVI by our Company, each of Royce City (MHT) Limited and Method King Limited (i) continued to hold both limited partnership interests and strategic partnership interests of Beyond Ventures in respect of our Group, in addition to their direct shareholdings in our Company; and (ii) continued to be Beyond Ventures' strategic partners in respect of other investment projects invested by Beyond Ventures.

(b) Mr. Man Lap, one of our Non-executive Directors

Mr. Man is one of our Non-executive Directors. Further details of his biography are set forth in "Directors and Senior Management" in this prospectus. 3 Musketeers Limited is owned by Mr. Man and his spouse, Ms. Ma Siu Yan Sandra, as to 50% and 50%, respectively. For further details of 3 Musketeers Limited, please see "Pre-IPO Investment — Information on the Pre-IPO Investors — 2. Pre-IPO Investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle — (i) Entities at the general partner level" in this section.

(c) Welight Innovation L.P.

Welight Innovation L.P., as at the Latest Practicable Date, was an exempted limited partnership registered in the Cayman Islands on 14 June 2016 with Welight Capital Management Limited as its general partner, which was in turn wholly-owned by Global Precise Assets Limited. Global Precise Assets Limited is wholly-owned by Mr. Wu Xiaoguang, an Independent Third Party.

As at the Latest Practicable Date, the limited partnership interests of Welight Innovation L.P. were held as to 10% by Global Precise Assets Limited and as to 90% by Linking Beta Limited, which is wholly-owned by an Independent Third Party.

As at the Latest Practicable Date, Welight Innovation L.P. was a strategic partner of Beyond Ventures who owned approximately 1.39% strategic partnership interest in respect of other investment projects invested by Beyond Ventures.

(d) Royce City (MHT) Limited

Royce City (MHT) Limited was incorporated in the BVI on 13 March 2015, principally engaged in investment holding, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 July 2019. Royce City (MHT) Limited is indirectly wholly-owned by Mr. Marvin Hung, an Independent Third Party. Mr. Marvin Hung also indirectly wholly-owns (i) Decent Global Limited and (ii) Fame Maple Limited, which, as at the Latest Practicable Date, owned 14.29% interests in Beyond I Special Capital Limited, which in turn held approximately 5.35% of limited partnership interest of Beyond Ventures. For further details, please see "Pre-IPO Investment — Information on the Pre-IPO Investors — 2. Pre-IPO Investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle — (i) Entities at the general partner level" and "Pre-IPO Investment — Information on the Pre-IPO Investors — 2. Pre-IPO Investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle — (ii) Entities at the limited partners and strategic partners level" in this section.

As at the Latest Practicable Date, Royce City (MHT) Limited was a limited partner and strategic partner of Beyond Ventures which directly owned a total of approximately 14.17% partnership interest (comprising approximately 8.15% partnership interest as limited partner and approximately 6.02% partnership interest as strategic partner, among which approximately 3.28% strategic partnership interest was in respect of our Group and approximately 2.74% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures).

3. Japan Home Centre (Management) Ltd

Japan Home Centre (Management) Ltd is a private limited company incorporated in Hong Kong on 16 May 1995 and an indirect wholly-owned subsidiary of International Housewares Retail Company Limited (a company listed on the Stock Exchange (stock code: 1373)), an Independent Third Party. International Housewares Retail Company Limited is an investment holding company principally engaged in the retailing of housewares trendy items, personal care, snack and household fast-moving consumer goods through an extensive retail network comprising over 375 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam. Its products are mainly sold under the brands of JHC (日本城), Japan Home (日本の家), 123 by ELLA, $MART (多來買), City Life (生活提案) as well as online platforms JHC eshop (日本城網購) and EasyBuy (易購點).

4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors

(a) iClick Interactive Asia Limited

iClick Interactive Asia Limited is a wholly-owned subsidiary of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK). Mr. Hsieh, one of our Non-executive Directors, is a co-founder, a director and the chairman of the board of iClick Interactive Asia Group Limited. As at the Latest Practicable Date, iClick Interactive Asia Group Limited was owned as to approximately 5.4% by Mr. Hsieh. Due to the disparate voting powers associated with the dual-class share structure of iClick Interactive Asia Group Limited, Mr. Hsieh controlled approximately 32.2% of the aggregate voting power at general meetings of iClick Interactive Asia Group Limited as at the Latest Practicable Date. For biographical details of Mr. Hsieh, please see "Directors and Senior Management" in this prospectus.

(b) Triple Gold Enterprise Limited

Triple Gold Enterprise Limited is a business company incorporated in the BVI on 2 March 2021, a special vehicle which is ultimately and wholly beneficially owned by Mr. Hsieh, one of our Non-executive Directors, for holding Mr. Hsieh's personal investments globally.

5. Pre-IPO investors relating to the Chiu Family

(a) Ms. Chiu Jennifer Wendy

Ms. Wendy Chiu is the global head of project management of Far East Consortium International Limited (a company listed on the Stock Exchange (stock code: 0035)). Ms. Wendy Chiu is the sister of Ms. Winnie Chiu and an Independent Third Party.

(b) Ms. Chiu Wing Kwan Winnie

Ms. Winnie Chiu is an executive director of Far East Consortium International Limited (a company listed on the Stock Exchange (stock code: 0035)) and an executive director and president of Dorsett Hospitality International Limited, an indirect wholly-owned subsidiary of Far East Consortium International Limited. Ms. Winnie Chiu is the sister of Ms. Wendy Chiu and an Independent Third Party.

As at the Latest Practicable Date, Kosmopolito Hotels International Limited, which is a wholly-owned subsidiary of Dorsett Hospitality International Limited, was a limited partner and strategic partner of Beyond Ventures which owned a total of approximately 11.09% partnership interest (comprising approximately 8.91% partnership interest as limited partner and approximately 2.18% partnership interest as strategic partner (all of which was in respect of our Group)).

(c) Mr. Hoong Cheong Thard

Mr. Hoong is an executive director and the managing director of Far East Consortium International Limited (a company listed on the Stock Exchange (stock code: 0035)) and an Independent Third Party.

(d) Mr. Adamczyk Alexis Thomas David, one of our Non-executive Directors

Mr. Adamczyk is the head of the corporate development and mergers and acquisitions department of Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited (a company listed on the Stock Exchange (stock code: 0035)) and is one of our Non-executive Directors. For further details of Mr. Adamczyk's biography, please see "Directors and Senior Management" in this prospectus.

(e) Ms. Geffner Xin Yue Jasmine

Ms. Geffner is the Chief Financial Officer of Dorsett Hospitality International Limited, an indirect wholly-owned subsidiary of Far East Consortium International Limited (a company listed on the Stock Exchange (stock code: 0035)), and an Independent Third Party.

(f) Ms. Shi Huiting

Ms. Shi is the finance manager of Dorsett Hospitality International Limited, an indirect wholly-owned subsidiary of Far East Consortium International Limited (a company listed on the Stock Exchange (stock code: 0035)), and an Independent Third Party.

6. Pre-IPO investors relating to the Wu family

(a) Mr. Wu Arthur

Mr. Arthur Wu is one of the co-founders and indirect shareholders, and a director of Wings Securities Limited, which is the Financial Adviser. Mr. Arthur Wu is the cousin of Mr. Wu Shang Hong Jason and an Independent Third Party.

(b) Mr. Wu Shang Hong Jason

Mr. Jason Wu is one of the co-founders and indirect shareholders of Wings Securities Limited, which is the Financial Adviser. Mr. Jason Wu is the cousin of Mr. Arthur Wu and an Independent Third Party.

7. Pre-IPO investors relating to Gaw Capital Partners

(a) Method King Limited

Method King Limited is a business company incorporated in the BVI on 6 July 2012, which is a wholly-owned subsidiary of GCP Properties Limited, which is a company incorporated in the BVI, and, to the best knowledge, information and belief of our Directors after having made due and careful enquiries, a private investment company principally engaged in investment in global markets. GCP Properties Limited is ultimately beneficially owned by Mr. Goodwin Gaw (an Independent Third Party) as to 60%, Mr. Kenneth Gaw (the brother of Mr. Goodwin Gaw and an Independent Third Party) as to 30%, Ms. Christina Gaw (the sister of Mr. Goodwin Gaw and an Independent Third Party) as to 5%, and Mr. Pang Hing Bong Humbert (an Independent Third Party) as to 5%. Each of Mr. Goodwin Gaw, Mr. Kenneth Gaw, Mr. Christina Gaw and Mr. Pang Hing Bong Humbert is a managing principal of Gaw Capital Partners.

As at the Latest Practicable Date, Method King Limited was a limited partner and strategic partner of Beyond Ventures which owned a total of approximately 4.25% partnership interest (comprising approximately 1.78% partnership interest as limited partner and approximately 2.47% partnership interest as strategic partner, among which approximately 0.44% strategic partnership interest was in respect of our Group and approximately 3.81% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures).

8. Pre-IPO investors relating to the Tsang family

(a) Mr. Tsang Wing Fung

Mr. Tsang graduated from The University of Chicago with a degree of Master of Business Administration. He is a Chartered Financial Analyst and a certified Financial Risk Manager. Mr. Tsang worked for a number of renowned financial institutions with over 10 years of experience in investment banking, asset management and financial technology. He is an executive director of HKE Holdings Limited (a company listed on the Stock Exchange (stock code: 1726)) and an Independent Third Party.

(b) Ms. Tao Mei Shan Lisa

Ms. Tao is a Certified Public Accountant and a credit analyst of Invesco Hong Kong Limited, which is a company incorporated in Hong Kong on 17 October 1972 and subsidiary of Invesco Limited (a company listed on the New York stock exchange (stock code: IVZ.NYSE)). Ms. Tao is the spouse of Mr. Tsang Wing Fung and an Independent Third Party.

9. Pre-IPO investors relating to the Chiang family

(a) Ms. Chiang Lai Ling

Ms. Chiang is a director and a shareholder of Chen Chien Holdings limited, which is a private limited company incorporated in Hong Kong on 30 November 1993 and principally engaged in the manufacturing of mould bases. Ms. Chiang is also one of the shareholders of Wealth Power Asia Investment Ltd, a pre-IPO investor of our Company. Cell Rising Capital (BVI) Limited, a pre-IPO investor of our Company, is wholly-owned by Mr. Chiang Chi Kin, the brother of Ms. Chiang. Ms. Chiang is an Independent Third Party.

As at the Latest Practicable Date, Ms. Chiang was a strategic partner of Beyond Ventures who owned approximately 0.6% strategic partnership interest in respect of other investment projects invested by Beyond Ventures.

(b) Cell Rising Capital (BVI) Limited

Cell Rising Capital (BVI) Limited (previously known as Talent Stream Limited) is a business company incorporated in the BVI on 21 September 2020. Mr. Chiang Chi Kin, one of the directors and the sole ultimate beneficial shareholder of Cell Rising Capital (BVI) Limited, is the brother of Ms. Chiang Lai Ling and an Independent Third Party.

(c) Wealth Power Asia Investment Ltd

Wealth Power Asia Investment Ltd, a private limited company incorporated in Hong Kong on 23 May 2018 and principally engaged in the investments in biotechnology and education programs in Hong Kong. As at the Latest Practicable Date, Wealth Power Asia Investment Ltd was owned as to approximately 33.3% by Ms. Chiang Lai Ling, a pre-IPO investor of our Company, approximately 33.3% by Jin Xin Group Limited (which is owned as to 60% by Mr. Li Kam Chung, 20% by Mr. Chiu Fui Wing and 20% by Mr. Li Kwan Yuen, all of them being Independent Third Parties) and approximately 33.3% by China Panglin Group Holdings Limited (which is wholly-owned by Mr. Pang Chi Ping (an Independent Third Party) as the trustee of Yu Panglin Charitable Trust). Yu Panglin Charitable Trust was established for, among others, making provision for (i) the relief of poverty and suffering; (ii) the comfort, relief and protection of the inform, impotent, aged, sick or poor; and (iii) medical and/or surgical attention and/or recuperative treatment to those in need of the same, instead of for specific beneficiaries.

10. EVO Fund

EVO Fund is an exempted company incorporated in the Cayman Islands with limited liability on 22 December 2016 and wholly-owned by Mr. Michael Lee Lerch, a professional investor (as defined under the SFO) and an Independent Third Party. EVO Fund is a private fund, which is principally engaged in investing in corporations in the e-commerce and retail industry in Asia.

11. Infinity Evergreen Limited

Infinity Evergreen Limited is a business company incorporated in the BVI on 3 September 2019 and wholly-owned by Mr. Cheung Ho Chak Ryan, one of the founders, one of the directors and the Chief Executive Officer of PressLogic Limited and an Independent Third Party. PressLogic Limited is a data-driven media commerce company incorporated in Hong Kong on 14 April 2016. Infinity Evergreen Limited is principally engaged in investment holding.

12. Sweetie Well Global Investment Limited

Sweetie Well Global Investment Limited is a business company incorporated in the BVI on 25 August 2014 and wholly-owned by Top Rich Wealth Management Limited, which is wholly-owned by Ms. Lam Lai, who is an entrepreneur in the travel and retail industry in Asia, including Hong Kong, Taiwan and Singapore. Ms. Lam Lai is an Independent Third Party. Sweetie Well Global Investment Limited is principally engaged in investment holding.

13. Other individual pre-IPO investors

(a) Ms. Li Ying

Ms. Li is an Asia-Pacific marketing strategic brand planner of The North Face, which is a well-known American outdoor recreation products company, and is an Independent Third Party.

(b) Mr. Rondouin Hugues Louis Gabriel

Mr. Rondouin, an Independent Third Party, is the founder and a director of LQV Group Limited, a private company incorporated in Hong Kong on 24 August 2016 which is principally engaged in the food and beverage industry. LQV Group Limited is owned as to approximately 96.8% by Wine Partners Limited and approximately 3.2% by an

Independent Third Party. Wine Partners Limited is owned by Mr. Rondouin as to approximately 77.7%, Mr. Adamczyk, one of our Non-executive Directors, as to approximately 5.4% and four Independent Third Parties as to approximately 16.8%. Each such Independent Third Party owned less than 6.0% of LQV Group Limited.

(c) Mr. Yeung Sheng Wu Danny

Mr. Yeung is the Chief Executive Officer of the Prenetics Group, which is a company principally engaged in digital health and genetic testing. As at the Latest Practicable Date, the Prenetics Group operated 10 offices globally including London, Singapore and Hong Kong and performed more than 9,000,000 COVID-19 tests and over 400,000 DNA tests worldwide. Mr. Yeung is an Independent Third Party.

(d) Mr. Szeto Chi Yan Stanley

Mr. Szeto is the chairman and one of the executive directors of Lever Style Corporation (a company listed on the Stock Exchange (stock code: 1346)), which is principally engaged in the trading of garments. Mr. Szeto is an Independent Third Party.

As at the Latest Practicable Date, Mr. Szeto was a strategic partner of Beyond Ventures who owned approximately 0.47% strategic partnership interest in respect of other investment projects invested by Beyond Ventures.

(e) Mr. Leung Hon Fai Kevin

Mr. Leung is the responsible officer of a private limited company which is a licensed corporation with the SFC to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in Hong Kong. Mr. Leung is an Independent Third Party.

(f) Ms. Lam Suk Ling Shirley

Ms. Lam is the Chief Financial Officer of Chinlink International Holdings Limited (a company listed on the Stock Exchange (stock code: 0997)), which is a Hong Kong-based investment holding company principally engaged in property investment, trading, provision of financial guarantee services, financial advisory services and logistics services in the PRC and Hong Kong. Ms. Lam is also an independent non-executive director of Tokyo Chuo Auction Holdings Limited (a company listed on the Stock Exchange (stock code: 1939)), which is an auction house of Chinese and Japanese artworks in Hong Kong and Japan. Ms. Lam is an Independent Third Party.

(g) Mr. Tsoi Yiu Ting

Mr. Tsoi is the Co-chief Executive Officer of a venture capital company which is principally engaged in investing in technology-focused companies in various industries in the PRC, South East Asia and other regions. Mr. Tsoi is an Independent Third Party.

(h) Mr. Chiu Ka Kui Kenneth

Mr. Chiu is an executive director of two companies listed on the Stock Exchange and an Independent Third Party.

Public float

Mr. Man and Mr. Adamczyk will hold approximately 0.4% and 0.2% shareholding interest, respectively, in our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of the options which may be granted under the Share Option Scheme). Given that Mr. Man and Mr. Adamczyk are our Non-executive Directors and therefore core connected persons of our Company, the Shares held by them will not be considered as part of the public float for the purposes of Rule 8.24 of the Listing Rules.

iClick Interactive Asia Limited and Triple Gold Enterprise Limited will hold approximately 0.9% and 0.6% shareholding interest, respectively, in our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of the options which may be granted under the Share Option Scheme). iClick Interactive Asia Limited is an indirect wholly-owned subsidiary of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK). Due to the disparate voting powers associated with the dual-class share structure of iClick Interactive Asia Group Limited, Mr. Hsieh, being one of our Non-executive Directors and therefore a core connected person of our Company, controlled approximately 32.2% of the aggregate voting power at general meetings of iClick Interactive Asia Group Limited as at the Latest Practicable Date. Accordingly, Mr. Hsieh is indirectly interested in more than 30% of voting power at general meetings of iClick Interactive Asia Limited, and iClick Interactive Asia Limited is a close associate of Mr. Hsieh. Triple Gold Enterprise Limited is wholly and ultimately beneficially owned by Mr. Hsieh. Accordingly, Triple Gold Enterprise Limited is also a close associate of Mr. Hsieh. Therefore, the Shares held by iClick Interactive Asia Limited and Triple Gold Enterprise Limited will not be considered as part of the public float for the purposes of Rule 8.24 of the Listing Rules.

Beyond Ventures Vehicle will hold approximately 7.1% shareholding interest in our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of the options which may be granted under the Share Option Scheme). Beyond Ventures Vehicle is wholly-owned by Beyond Ventures with Beyond I Capital Limited as its general partner, which is in turn owned by, among others, 3 Musketeers Limited as to approximately 14.3%; and 3 Musketeers Limited (i) was also a limited partner and strategic partner of Beyond Ventures which directly owned a total of approximately 8.34% partnership interest (comprising approximately 3.69% partnership interest as limited partner and approximately 4.65% partnership interest as strategic partner, among which approximately 2.18% strategic partnership interest was in respect of our Group and approximately 2.47% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures), and (ii) owned approximately 14.29% interests in Beyond I Special Capital Limited, which in turn held approximately 5.35% of limited partnership interest of Beyond Ventures. 3 Musketeers Limited is owned by Mr. Man, one of our Non-executive Directors, and his spouse, Ms. Ma Siu Yan Sandra, as to 50% and 50%, respectively. By virtue of Mr. Man being one of our Non-executive Directors, Mr. Man is regarded as a core connected person of our Company and 3 Musketeers Limited is a close associate of Mr. Man. As 3 Musketeers Limited contributed capital to Beyond Ventures Vehicle in respect of its acquisition of the Shares, the Shares held by Beyond Ventures Vehicle will not be considered as part of the public float pursuant to Rule 8.24(1) of the Listing Rules.

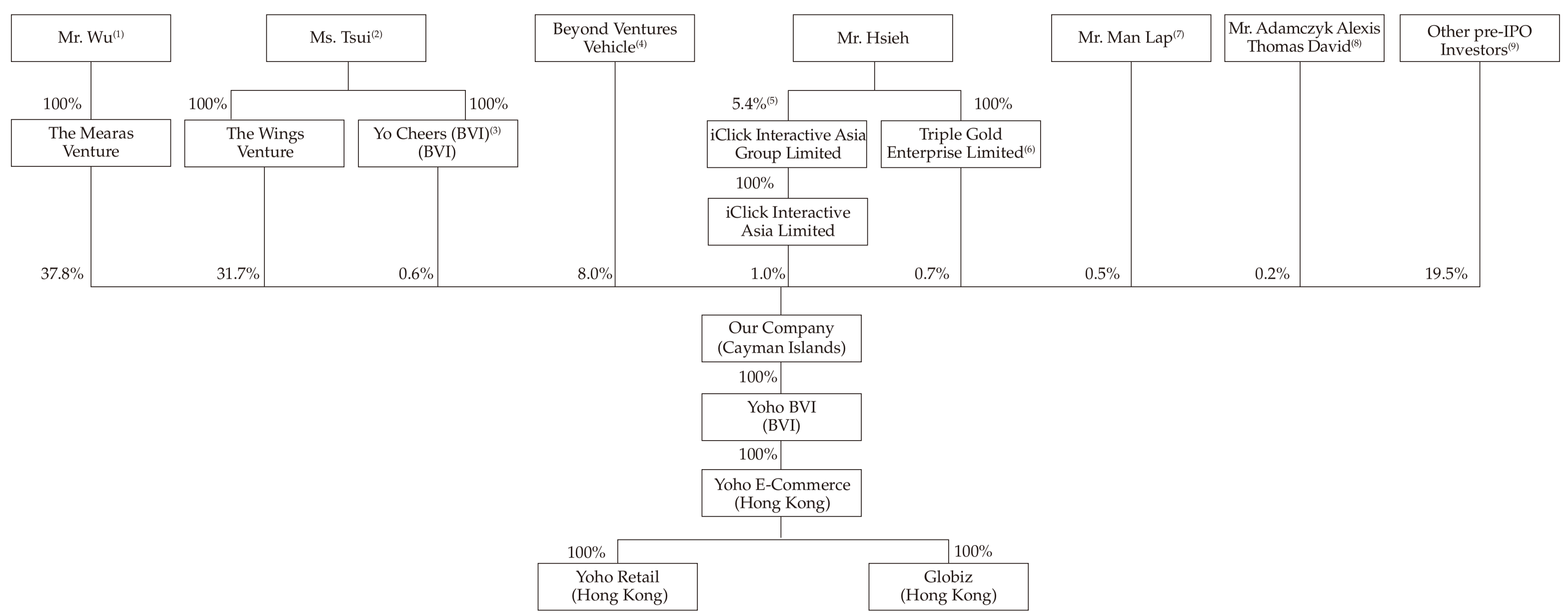
Except as stated above, the Shares held by the other Pre-IPO Investors will constitute part of the public float for the purposes of Rule 8.24 of the Listing Rules.

Sole Sponsor's confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form, to the Listing Department of the Stock Exchange in relation to the Listing and (ii) no material special rights granted to the Pre-IPO Investors will survive the Listing, the Sole Sponsor is of the view that the Pre-IPO Investments are in compliance with the guidance letters HKEx-GL29-12 (issued in January 2012 and updated in March 2017), HKEx-GL43-12 (issued in October 2012, updated in July 2013 and March 2017) issued by the Stock Exchange and the Guidance Letter HKEx-GL44-12 (issued in October 2012, updated in March 2017) issued by the Stock Exchange.

OUR STRUCTURE AFTER THE COMPLETION OF THE REORGANISATION AND IMMEDIATELY PRIOR TO THE COMPLETION OF THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group after the completion of the Reorganisation and immediately prior to the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option, and (iii) no exercise of the options which may be granted under the Share Option Scheme):



Notes:

(1) Mr. Wu is one of our Executive Directors, one of our Controlling Shareholders, our Chief Executive Officer and the spouse of Ms. Tsui.

(2) Ms. Tsui is one of our Executive Directors, one of our Controlling Shareholders, our Chief Operating Officer, and the spouse of Mr. Wu.

(3) Yo Cheers (BVI) is wholly-owned by Ms. Tsui, and was established to hold Shares for the purpose of a possible employee share incentive plan to be adopted by our Company.

(4) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(5) iClick Interactive Asia Limited is an indirect wholly-owned subsidiary of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK). As at the Latest Practicable Date, iClick Interactive Asia Group Limited was owned as to approximately 5.4% by Mr. Hsieh, one of our Non-executive Directors. Due to the disparate voting powers associated with the dual-class share structure of iClick Interactive Asia Group Limited, Mr. Hsieh controlled approximately 32.2% of the aggregate voting power at general meetings of iClick Interactive Asia Group Limited as at the Latest Practicable Date. For further details of iClick Interactive Asia Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors — (a) iClick Interactive Asia Limited" in this section. For further details of Mr. Hsieh's biography, please see "Directors and Senior Management" in this prospectus.

(6) For further details of Triple Gold Enterprise Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors — (b) Triple Gold Enterprise Limited" in this section. For further details of Mr. Hsieh's biography, please see "Directors and Senior Management" in this prospectus.

(7) Mr. Man is one of our Non-executive Directors. For further details of Mr. Man's biography, please see "Directors and Senior Management" in this prospectus.

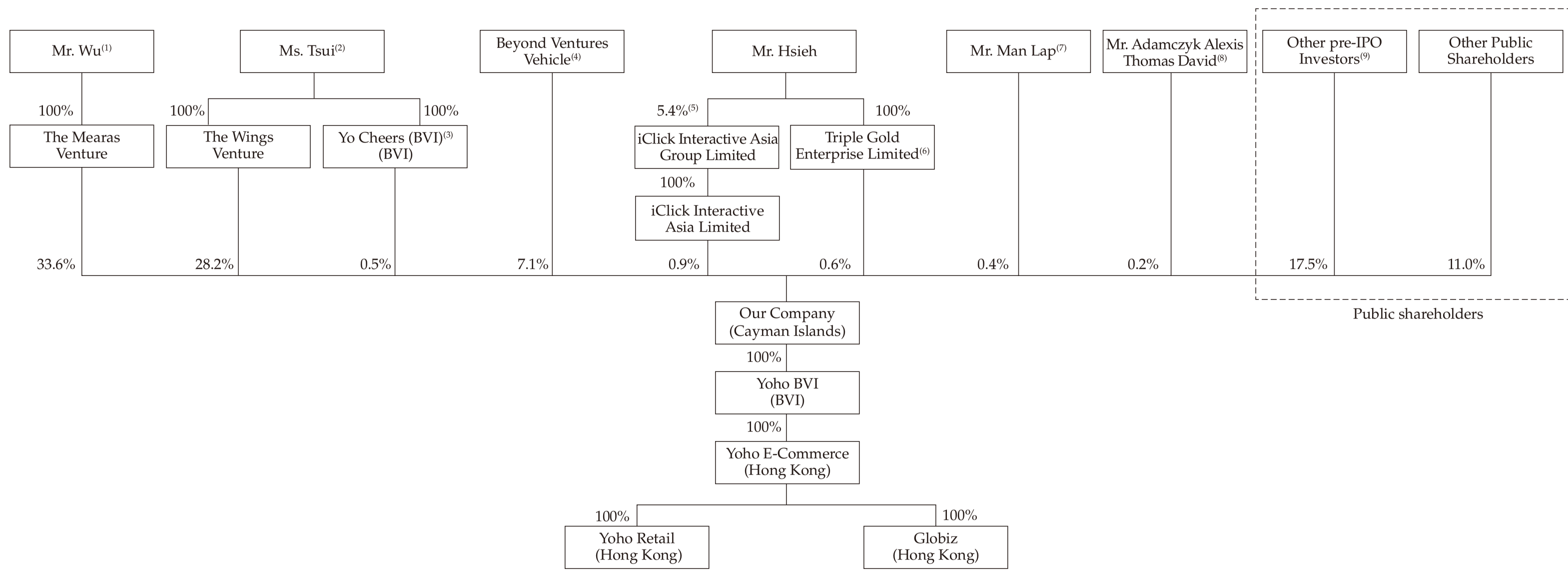
(8) Mr. Adamczyk is one of our Non-executive Directors. For further details of Mr. Adamczyk's biography, please see "Directors and Senior Management" in this prospectus.

(9) The table below sets out the names of the pre-IPO investors who will be counted as public float immediately following the completion of the Global Offering for the purposes of Rule 8.24 of the Listing Rules and their respective shareholdings:

	Name of the Pre-IPO Investors	Shareholding in our Company immediately after the completion of the Reorganisation and immediately prior the completion of the Capitalisation Issue and the Global Offering *(%)*
(1)	Ms. Chiang Lai Ling	3.1
(2)	Japan Home Centre (Management) Ltd	2.8
(3)	Welight Innovation L.P.	2.5
(4)	Royce City (MHT) Limited	2.3
(5)	Mr. Szeto Chi Yan Stanley	1.8
(6)	Method King Limited	1.8
(7)	Mr. Tsang Wing Fung	0.9
(8)	Cell Rising Capital (BVI) Limited	0.6
(9)	Mr. Yeung Sheng Wu Danny	0.5
(10)	Sweetie Well Global Investment Limited	0.5
(11)	EVO Fund	0.5
(12)	Wealth Power Asia Investment Ltd	0.4
(13)	Ms. Lam Suk Ling Shirley	0.3
(14)	Mr. Hoong Cheong Thard	0.2
(15)	Ms. Chiu Wing Kwan Winnie	0.2
(16)	Ms. Chiu Jennifer Wendy	0.2
(17)	Ms. Tao Mei Shan Lisa	0.2
(18)	Mr. Tsoi Yiu Ting	0.1
(19)	Mr. Chiu Ka Kui Kenneth	0.1
(20)	Mr. Leung Hon Fai Kevin	0.1
(21)	Mr. Wu Arthur	0.1
(22)	Mr. Wu Shang Hong Jason	0.1
(23)	Mr. Rondouin Hugues Louis Gabriel	0.1
(24)	Infinity Evergreen Limited	0.1
(25)	Ms. Li Ying	Less than 0.1%
(26)	Ms. Geffner Xin Yue Jasmine	Less than 0.1%
(27)	Ms. Shi Huiting	Less than 0.1%

OUR STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option, and (iii) no exercise of the options which may be granted under the Share Option Scheme):



Notes:

(1) Mr. Wu is one of our Executive Directors, one of our Controlling Shareholders, our Chief Executive Officer and the spouse of Ms. Tsui.

(2) Ms. Tsui is one of our Executive Directors, one of our Controlling Shareholders, our Chief Operating Officer, and the spouse of Mr. Wu.

(3) Yo Cheers (BVI) is wholly-owned by Ms. Tsui, and was established to hold Shares for the purpose of a possible employee share incentive plan to be adopted by our Company.

(4) For further details of Beyond Ventures Vehicle, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 2. Pre-IPO investors relating to Beyond Ventures Vehicle — (a) Beyond Ventures Vehicle" in this section.

(5) iClick Interactive Asia Limited is an indirect wholly-owned subsidiary of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK). As at the Latest Practicable Date, iClick Interactive Asia Group Limited was owned as to approximately 5.4% by Mr. Hsieh, one of our Non-executive Director. Due to the disparate voting powers associated with the dual-class share structure of iClick Interactive Asia Group Limited, Mr. Hsieh controlled approximately 32.2% of the aggregate voting power at general meetings of iClick Interactive Asia Group Limited as at the Latest Practicable Date. For further details of iClick Interactive Asia Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors — (a) iClick Interactive Asia Limited" in this section. For further details of Mr. Hsieh's biography, please see "Directors and Senior Management" in this prospectus.

(6) For further details of Triple Gold Enterprise Limited, please see "Pre-IPO Investment — Information on the Pre-IPO investors — 4. Pre-IPO investors relating to Mr. Hsieh, one of our Non-executive Directors — (b) Triple Gold Enterprise Limited" in this section. For further details of Mr. Hsieh's biography, please see "Directors and Senior Management" in this prospectus.

(7) Mr. Man is one of our Non-executive Directors. For further details of Mr. Man's biography, please see "Directors and Senior Management" in this prospectus.

(8) Mr. Adamczyk is one of our Non-executive Directors. For further details of Mr. Adamczyk's biography, please see "Directors and Senior Management" in this prospectus.

(9) The table below sets out the names of the pre-IPO investors who will be counted as public float immediately following the completion of the Global Offering for the purposes of Rule 8.24 of the Listing Rules and their respective shareholdings:

	Name of the Pre-IPO Investors	Shareholding in our Company immediately following the completion of the Capitalisation Issue and the Global Offering
		(%)
(1)	Ms. Chiang Lai Ling	2.8
(2)	Japan Home Centre (Management) Ltd	2.5
(3)	Welight Innovation L.P.	2.3
(4)	Royce City (MHT) Limited	2.0
(5)	Mr. Szeto Chi Yan Stanley	1.6
(6)	Method King Limited	1.6
(7)	Mr. Tsang Wing Fung	0.8
(8)	Cell Rising Capital (BVI) Limited	0.5
(9)	Mr. Yeung Sheng Wu Danny	0.4
(10)	Sweetie Well Global Investment Limited	0.4
(11)	EVO Fund	0.4
(12)	Wealth Power Asia Investment Ltd	0.3
(13)	Ms. Lam Suk Ling Shirley	0.3
(14)	Mr. Hoong Cheong Thard	0.2
(15)	Ms. Chiu Wing Kwan Winnie	0.2
(16)	Ms. Chiu Jennifer Wendy	0.2
(17)	Ms. Tao Mei Shan Lisa	0.1
(18)	Mr. Tsoi Yiu Ting	0.1
(19)	Mr. Chiu Ka Kui Kenneth	0.1
(20)	Mr. Leung Hon Fai Kevin	0.1
(21)	Mr. Wu Arthur	0.1
(22)	Mr. Wu Shang Hong Jason	0.1
(23)	Mr. Rondouin Hugues Louis Gabriel	0.1
(24)	Infinity Evergreen Limited	0.1
(25)	Ms. Li Ying	Less than 0.1%
(26)	Ms. Geffner Xin Yue Jasmine	Less than 0.1%
(27)	Ms. Shi Huiting	Less than 0.1%

OVERVIEW

We are one of the leading market players in the business-to-consumer (B2C) e-commerce industry in Hong Kong as confirmed by F&S, carrying over 23,000 SKUs (with a focus on Consumer Electronics and Home Appliances, being electronic devices intended for everyday use, typically in private homes) and having established a customer base comprising over 807,000 registered members as at the Latest Practicable Date. Our brand name "Yoho (友和) 友和YOHO" encapsulates our ideology to create a one-stop e-commerce platform that caters for the wide-ranging needs of the consumers under the motto "you name it, we've got it (就係友和，乜都有嗰！)". We have remained dedicated to the offering of Consumer Electronics and Home Appliances, which are one of the major product categories in the retail e-commerce industry in Hong Kong accounting for approximately 31.3% of the total online retail sales for FY20/21. According to the F&S Report, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21. We also ranked second and third (with a market share of approximately 1.8%) among all Hong Kong e-commerce platforms in terms of website traffic and overall online retail sales, respectively, for FY20/21.

As a fast-growing enterprise, we have achieved a significant growth in our revenue, recording a CAGR of approximately 96.5% during the three years ended 31 March 2021; in particular, our revenue derived from the Yoho OMO Business had grown at a CAGR of 107.1% during the three years ended 31 March 2021. Our Group was among the initial investee companies of the ITVF Scheme, where the investments were made through ITVFC, its special-purpose vehicle and our former shareholder, in April and November 2019; the ITVF Scheme was a fund set up by the Hong Kong government to encourage more private venture capital funding to invest in local innovation and technology start-ups.

In our retail business, we adopt an online-merge-offline (OMO) business model, whereby we operate the Yoho E-commerce Platform, i.e. our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version), and two retail stores in the Kwun Tong District (Kowloon East) and the Cheung Sha Wan District (Kowloon West) respectively. Having both online and offline presence and utilising the power of technologies, we offer our customers the opportunities of exploring our extensive product offerings online on the one hand, and learning more about the product features through first-hand trial and inspection at our physical stores, with the additional option of in-store pick-up of items purchased online and easy access to designated web-pages for online order placement, on the other hand, entirely at their convenience. After an order is placed, where the ordered item is in stock, we apply ourselves to arranging for it to be shipped within eight working hours; our customers may choose to have the ordered item delivered to their addresses or, if preferred, pick up the ordered items from any of our more than 2,000 pick-up points scattered all over Hong Kong. Besides, we keep track of our customers' purchase history and the ratings and feedback given by them regarding their purchased items and overall shopping experience, both online and offline; through this, coupled with our precision marketing measures based on data analysis, we are able to curate and deliver to targeted customers varied product recommendations with a view to addressing their needs. Hence, in the Yoho OMO Business, our customers stand to benefit from the advantages of both online shopping and offline shopping, and enjoy a shopping experience that is characterised by a high degree of interactiveness and convenience.

We believe that our leading position in the industry is underpinned by our endeavour to improve customer experience and operational efficiency, and our commitment to advancements in technology and fulfilment infrastructure for the long term. Being one of the first e-commerce businesses adopting the OMO model established in Hong Kong, we have incorporated various customised features in our business operation. We believe that this sets us apart from the rest of the retailers of consumer electronics and home appliances in Hong Kong.

We strive to offer an enjoyable online shopping experience through our content-rich and user-friendly e-commerce platform. The highlights of the Yoho E-commerce Platform include, among others, display of real-time information about inventory availability in our warehouses and at our retail stores using our real-time cross-platform inventory management system launched in January 2016, which assists our customers in making purchase decisions.

We have developed in-house an automatic pricing system, which came into operation in August 2018 and takes into account a basket of factors in determining our selling prices. Our automatic pricing system permits us to maintain an efficient inventory turnover and to make sure that our products are offered at competitive prices. The displays of pricing information on the Yoho E-commerce Platform and at our retail stores have been synchronised since December 2019 so as to maintain consistency in the prices and offers available to our customers via different sales channels.

In collaboration with various financial institutions and financial technology companies, we have been active in introducing new payment options to online shoppers in Hong Kong and provide our consumers with diversified payment options.

We have also developed in-house a warehouse management system, which was first implemented in February 2014, and helps guarantee our efficiency in order processing and delivery through the use of bar coding and tailored mobile devices for identification and tracking of inventory. In addition, we have in place flexible delivery arrangements, with our delivery network covering not only residential and business addresses but also pick-up points spread across Hong Kong. This allows our customers maximum convenience and helps minimise any possible delay in order collection based on the individual preference and circumstances of our customers. The above represent major steps forward in our drive to ensure that our orders are shipped within eight working hours after order placement to the largest practicable extent, and to keep our delivery error rate to a negligible level. Our speedy and reliable order fulfilment serves to further enhance customer satisfaction.

We believe the above have enabled us to enhance customer experience, which helped drive the significant increase in our customer base and the scale of operation in the Yoho OMO Business during the Track Record Period as illustrated below:

	FY18/19	FY19/20	FY20/21	8M21/22
Number of registered members as at financial year/period end *(Note 1 & Note 5)*	203,000	334,000	539,000	700,000
Number of completed orders *(Note 2 & Note 5)*	95,000	182,000	346,000	294,000
GMV *(HK$) (Note 3 & Note 5)*	117,924,000	229,928,000	506,145,000	483,071,000
Basket value *(HK$) (Note 4 & Note 5)*	1,241	1,263	1,463	1,643

Notes:

(1) An individual may enrol as a "registered member" through the Yoho E-commerce Platform (as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she wishes). Our Directors consider that the "number of registered members" can be taken as an estimate of the number of consumers who have gained shopping experience using our retail facilities. The figures stated are rounded to the nearest thousand.

(2) The "number of completed orders" for a particular financial year/period includes orders placed by our registered members with us on the Yoho E-commerce Platform, orders made by our customers at our retail stores, and orders from consumers received via Reward Scheme Platforms and third-party online marketplaces that had been completed during that financial year/period. Our Directors construe the "number of orders received" as an indicator of our overall scale of operation. The figures stated are rounded to the nearest thousand.

(3) The "GMV" for a particular financial year/period is equivalent to the total gross sales dollar value of all orders completed during that financial year/period, before deductions for discounts offered by us and set-offs by virtue of conversion of membership points. The "GMV" is regarded by our Directors as an indicator of our overall scale of operation. The figures stated are rounded to the nearest thousand.

(4) The "basket value" for a particular financial year/period is calculated by dividing our GMV by the number of orders completed during that financial year/period. Our Directors view the "basket value" as a measure of our average order size.

(5) The relevant figures were derived from our sales made via our Yoho OMO Business (consisting of (i) online B2C sales through the Yoho E-commerce Platform; (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores).

According to the F&S Report, the size of the Hong Kong B2C e-commerce industry for consumer electronics and home appliance in terms of online retail sales had increased from approximately HK$3.8 billion for FY15/16 to HK$7.2 billion for FY20/21 at a CAGR of 13.6%. Driven by increasing consumer preference for online shopping, emergence of local online retail platforms, improvements in delivery and fulfilment models, advancements in online payment systems and growing opportunities of cross-border e-commerce with Hong Kong as on origin, the growth is expected to continue from FY21/22 to FY25/26 at a CAGR of 15.8%, and the market size is projected to reach HK$15.3 billion in FY25/26. We therefore see ample room for further expansion of our customer base and scale of operation, and as a leading market player, we are in a position to take advantage of the market opportunities brought about by the increasing prevalence of e-commerce in Hong Kong to achieve further business growth.

The overall revenue and net profit of our Group have exhibited continuous and robust growth during the Track Record Period. For FY18/19, FY19/20, FY20/21 and 8M21/22, our total revenue amounted to approximately HK$135.4 million, HK$260.0 million, HK$523.0 million and HK$496.7 million, and we recorded a net profit of HK$12.3 million, HK$18.3 million and HK$28.7 million and a net loss of HK$13.9 million respectively.

The Yoho OMO Business under the B2C model constitutes our major sales channel and contributed over 80.0% of our total revenue throughout the Track Record Period. In particular, our revenue derived from online retail sales under the B2C model amounted to approximately HK$77.4 million, HK$176.0 million, HK$413.5 million and HK$394.5 million, representing 57.1%, 67.7%, 79.0% and 79.4% of our total revenue for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively.

Apart from the Yoho OMO Business, we also generate revenue through offline bulk sales under the business-to-business (B2B) model, whereby we mainly supply our products to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders. For FY18/19, FY19/20, FY20/21 and 8M21/22, our revenue derived from offline bulk sales under the B2B model was approximately HK$21.0 million, HK$36.4 million, HK$31.7 million and HK$18.3 million, representing 15.5%, 14.0%, 6.1% and 3.7% of our total revenue respectively.

Set forth below is an analysis of our revenue recorded during the Track Record Period by sales channel:

	FY18/19		**FY19/20**		**FY20/21**		**8M20/21**		**8M21/22**	
	Revenue	**% of total revenue**	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Yoho OMO Business (B2C)										
Online Retail Sales	77,356	57.1%	175,995	67.7%	413,470	79.0%	225,222	77.9%	394,520	79.4%
Offline Retail Store Sales	37,064	27.4%	47,384	18.2%	77,417	14.8%	42,920	14.9%	82,949	16.7%
	114,420	84.5%	223,379	85.9%	490,887	93.8%	268,142	92.8%	477,469	96.1%
Offline Bulk Sales (B2B)	21,002	15.5%	36,350	14.0%	31,739	6.1%	20,637	7.1%	18,308	3.7%
Others *(Note)*	–	–	224	0.1%	403	0.1%	226	0.1%	954	0.2%
Total	135,422	100.0%	259,953	100.0%	523,029	100.0%	289,005	100.0%	496,731	100.0%

Note: Such other revenue was derived from the provision of advertising services during the Track Record Period.

COMPETITIVE STRENGTHS

We have attained substantial growth in scale of operation, financial performance and market share during the Track Record Period and we believe the following competitive strengths contribute to our success:

We are one of the leading market players in the Hong Kong B2C e-commerce industry and have well-developed reputation, brand awareness and customer base

The Yoho OMO Business was founded in 2013 with the mission of making quality products available to consumers at affordable prices through our platforms that blend the advantages of both online shopping and offline shopping. Through approximately eight years of operation, we have successfully established ourselves as one of the leading market players in the Hong Kong B2C e-commerce industry.

According to the F&S Report, for FY20/21, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%; we also ranked second and third (with a market share of approximately 1.8%) among all Hong Kong e-commerce platforms in terms of website traffic and overall online retail sales, respectively. In March 2021, the Yoho E-commerce Platform was one of the top 100 most-visited websites in Hong Kong, with over 1.8 million monthly active users, i.e. unique users who had initiated one or more session(s) on the Yoho E-commerce Platform in the month.

Set forth below are statistical data that reflect the significant growth in our customer base and scale of operation in the Yoho OMO Business (including (i) online B2C sales through the Yoho E-commerce Platform; (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores) during the Track Record Period:

	FY18/19	FY19/20	FY20/21	8M21/22
Average number of monthly active users *(Note 1)*	442,000	673,000	1,290,000	1,674,000
Number of registered members as at financial year/period end *(Note 2)*	203,000	334,000	539,000	700,000
Number of active customers *(Note 3)*	66,000	115,000	212,000	182,000
Number of repeat customers *(Note 4)*	26,000	52,000	100,000	101,000
Number of repeat customers as a percentage of number of active customers *(Note 5)*	39.4%	45.2%	47.2%	55.5%
Acquisition cost per completed order *(HK$) (Note 6)*	18.7	23.8	27.7	32.7
Number of completed orders *(Note 7)*	95,000	182,000	346,000	294,000
GMV *(HK$) (Note 8)*	117,924,000	229,928,000	506,145,000	483,071,000
Revenue contributed by repeat customers *(Note 9)*	64,305,000	149,298,000	346,652,000	324,775,000
Revenue contributed by repeat customers as a percentage of total revenue *(Note 10)*	47.5%	57.4%	66.3%	67.2%
Basket value *(HK$) (Note 11)*	1,241	1,263	1,463	1,643

Notes:

(1) The "active users" for a particular financial year/period refers to the unique users who had initiated one or more session(s) on the Yoho E-commerce Platform during that financial year/period. Such statistical data were derived from the data of our online sales channel under the Yoho OMO Business. Our Directors consider that the "number of active users" reflects the amount of visitors to the Yoho E-commerce Platform. The figures stated are rounded to the nearest thousand.

(2) An individual may enrol as a "registered member" through the Yoho E-commerce Platform (as a prerequisite to the placement of any order on the platform), or upon a purchase completed at any of our retail stores (as he/she wishes). Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors take the "number of registered members" as an estimate of the number of consumers who have gained shopping experience using our retail facilities. The figures stated are rounded to the nearest thousand.

(3) The "active customers" for a particular financial year/period refers to those customers who had each made one or more purchase(s) from us during that financial year/period. The "number of active customers" is taken by our Directors as a measure of the size of our customer base. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. The figures stated are rounded to the nearest thousand.

(4) The "repeat customers" for a particular financial year/period refer to those of our registered members who, before making purchases during that financial year/period, had completed purchases from us previously (whether during that financial year/period or before) since the inception of the Yoho OMO Business. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors consider "repeat customers" to be our loyal customers who have developed the habit of shopping with us. The figures stated are rounded to the nearest thousand.

(5) The "number of repeat customers as a percentage of number of active customers" denotes the relative size of our loyal customer base. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors believe that the growth in this percentage during the Track Record Period was evidence of our increasing degree of customer loyalty, which we have sought to build through the provision of superior customer experience.

(6) The "acquisition cost per completed order" for a particular financial year/period refers to the marketing and promotion expenses per active customer of our Group. A "completed order" for a particular financial year/period refers to an order placed by our registered member with us on the Yoho E-commerce Platform, an order made by our customer at our retail store, or an order from consumer received via Reward Scheme Platforms or third-party online marketplaces, that had been completed during that financial year/period. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business.

(7) The "number of completed orders" for a particular financial year/period includes orders placed by our registered members with us on the Yoho E-commerce Platform, orders made by our customers at our retail stores, and orders from consumers received via Reward Scheme Platforms and third-party online marketplaces that had been completed during that financial year/period. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors construe the "number of orders received" as an indicator of our overall scale of operation. The figures stated are rounded to the nearest thousand.

(8) The "GMV" for a particular financial year/period is equivalent to the total gross sales dollar value of all relevant orders completed during that financial year/period, before deductions for discounts offered by us and set-offs by virtue of conversion of membership points. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. The "GMV" is regarded by our Directors as an indicator of our overall scale of operation. The figures stated are rounded to the nearest thousand.

(9) The "revenue contributed by repeat customers" for a particular financial year/period is equivalent to the total net sales dollar value of all merchandise sold to our repeat customers during that financial year/period. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors deem such revenue to be revenue originating from loyal customers. The figures stated are rounded to the nearest thousand.

(10) The "revenue contributed by repeat customers as a percentage of total revenue" denotes the relative magnitude of the revenue contribution of our loyal customers. Our Directors believe that the growth in this percentage during the Track Record Period was evidence of our increasing degree of customer loyalty, which we have sought to build through the provision of superior customer experience.

(11) The "basket value" for a particular financial year/period is calculated by dividing our GMV by the number of orders completed during that financial year/period. Such statistical data were derived from the data of both our online and offline sales channels under the Yoho OMO Business. Our Directors view the "basket value" as a measure of our average order size.

As confirmed by F&S, based on their independent research conducted and information obtained from various sources in respect of the e-commerce industry in Hong Kong and other regions, including conducting interviews with leading industry participants and industry experts and reviewing the annual report of the comparables, all definitions of the operating data of our Group as disclosed above are in line with the industry practice in Hong Kong and other regions.

Our Directors believe that our leading position in the Hong Kong B2C e-commerce industry and our well-developed reputation, brand awareness and customer base inspire confidence in our capability and dependability as a retailer among both consumers and our business partners. This has rendered us primed for business growth through further expanding our customer base and entering into collaboration with a broader range of suppliers and service providers.

We pride ourselves on our well-established Yoho E-commerce Platform

Since the very beginning of our business operation, we have committed ourselves to creating an e-commerce platform that will be the go-to place for shoppers of home electronics and other related products. We take pride in our success in building into the Yoho E-commerce Platform all the major attributes that define an online retailer of choice and bringing it in line with the consumers' highest expectations.

– ***We offer a diversified range of products.*** Our brand name "Yoho (友和)" encapsulates our ideology to create a one-stop e-commerce platform that caters for the wide-ranging needs of the consumers under the motto "you name it, we've got it (就係友和，乜都有嗰！)", and we have made substantial progress in our pursuit. We offer, through our fully-fledged Yoho E-commerce Platform, a diverse portfolio of products, which consisted of over 23,000 SKUs as at the Latest Practicable Date and can be divided into five categories, namely consumer electronics, beauty and health electronic products, home appliances, computers and peripherals and lifestyle products. Capitalising on the rapid growth of the Yoho OMO Business over the years, we have established sound business relationships with a network of suppliers, including direct access to certain top-tier brands and exclusive distribution rights in Hong Kong in respect of certain products. As a result, we are able to procure a diversified range of products with assured authenticity and quality at favourable prices.

– ***We identify, procure and introduce new, trendy and quality products to Hong Kong consumers.*** Our procurement team ascertains the prevailing market trends and consumers' needs through market researches and analyses by, for example, studying market reports, attending trade shows and exhibitions and visiting other e-commerce portals and social media platforms. Based on the information obtained and the results of our further researches and analyses, our procurement team makes recommendations to the management as to the brands, products and SKUs which our Group may procure from the relevant suppliers. We have been in continuous search of popular brands in overseas markets that offer products in line with the preference of Hong Kong consumers but have yet to gain a foothold in the Hong Kong market; once we have identified such brands, we will seek to enter into strategic partnerships with them with a view to making available such products to consumers in Hong Kong. For example, we first sold the products of Iris Ohyama, a Japanese brand offering, among others, home appliances with more than 60 years of history, in 2015 and received very favourable market response; at present, the dust mites removing bed cleaners of the brand are among our best-selling products. In 2018, we introduced the beauty and health electronic products of CosBeauty, a brand dedicated to developing home-use beauty devices for skin detection, cleansing, replenishment, lead-in, anti-aging, body care and other comprehensive skin care needs leveraging Japan's leading technology, and such products remain sought-after by our customers.

  We exercise caution when building our product portfolio to make sure that only products of quality are selected and offered to our customers, which conduces to the high degree of satisfaction as expressed by our customers in relation to their shopping experiences.

– ***Our products are price-competitive.*** With the aid of an in-house developed automatic pricing system, we closely monitor the prices charged by other retailers in respect of the same products offered by us and our inventory level. Our pricing system automatically determines at what level our selling prices should be set and when adjustments are needed taking into account the relevant factors. We are therefore able to promptly adjust our selling prices as and when necessary to maintain the price competitiveness of our products on any given date and an efficient inventory turnover. Our operational efficiency and streamlined cost structure as an OMO retailer (with e-commerce being at the core of our operations) permit us to offer our products generally at more competitive prices as compared with other online and offline retailers.

– ***We offer speedy, reliable and flexible delivery of our products.*** We have also developed in-house a warehouse management system using bar coding and tailored mobile devices for identification and tracking of inventory, to promote our efficiency in order processing and delivery. To afford our customers the greatest degree of flexibly and convenience, our delivery network covers not only residential and business addresses but also more than 2,000 pick-up points scattered all over Hong Kong. Where an ordered item is in stock, we apply ourselves to arranging for it to be shipped within eight working hours. We believe our speedy and reliable order fulfilment is another important source of customer satisfaction.

– ***Our OMO model allows our customers to enjoy the benefits of both online and offline shopping.*** As one of the first e-commerce businesses adopting the OMO model established in Hong Kong, we have all along been operating our retail business under the OMO model. Our customers have the opportunities to explore further the products they have viewed on the Yoho E-commerce Platform through first-hand experience at our physical stores. In-store pick-up of items purchased online and placement of online orders via designated web-pages, and pick-up of ordered items from any of our more than 2,000 pick-up points scattered all over Hong Kong, are also available to our customers as additional options. As an operator of e-commerce platform, we are able to distinguish ourselves by allowing our customers to enjoy the benefits of both online shopping and offline shopping and hence a complete shopping experience with a greater degree of interactiveness and convenience.

We are an avid pursuer of innovation taking full advantage of the power of technologies

Back in 2013 when our retail business was established, our co-founders had the vision to revolutionise the Hong Kong e-commerce industry through the introduction of the OMO business model, such that consumers could have a complete and seamless shopping experience benefitting from the advantages of both online shopping and offline shopping. As one of the first e-commerce businesses adopting the OMO model established in Hong Kong, our effort in promoting innovations in our business operations has been well recognised — our Group was among the initial investee companies of the ITVF Scheme, where the investments were made through ITVFC, its special-purpose vehicle and our former shareholder, in April and November 2019; the ITVF Scheme was a fund set up by the Hong Kong government to encourage more private venture capital funding to invest in local innovation and technology (I&T) start-ups so as to create a more vibrant I&T ecosystem in Hong Kong.

We have, from the very beginning, built our business infrastructure from the perspective of a retail business encompassing both online and offline channels. Our systems and workflows are designed and developed with the intention of fully accommodating e-commerce operation and providing the requisite agility for an e-commerce business. As compared with those adopted by the market players that only introduced their e-commerce platforms some time after they had established offline presence, our Directors believe that, with our self-developed business platform and having availed ourselves of the power of technologies in accommodating the changing business needs from time to time, our systems and workflows produce greater operational efficiency and enable swifter adaptation and modifications in response to developments in the e-commerce industry.

We strive to offer an enjoyable online shopping experience through our content-rich and user-friendly Yoho E-commerce Platform. The highlights of the Yoho E-commerce Platform include, among others, display of real-time information about inventory availability in our warehouses and at our retail stores using our real-time cross-platform inventory management system, which is distinctive and assists our customers in making purchase decisions.

We have developed in-house an automatic pricing system that takes into account a basket of factors in determining our selling prices. The system algorithm covers, among others, the prevailing market prices and our inventory level, which helps guarantee the price competitiveness of our products and the efficiency of our inventory turnover. The digital price tags at our retail stores refresh themselves automatically to make sure that the displays of pricing information on the Yoho E-commerce Platform and at our retail stores are synchronised and that consistency is maintained in the prices and offers available to our customers via different sales channels.

In collaboration with various financial institutions and financial technology companies, we have been active in introducing new payment options to online shoppers in Hong Kong and provide our consumers with a wide variety of payment options. For example, we partnered with Atome, a "buy now, pay later" brand which is part of a big data and artificial intelligence company headquartered in Singapore, and became one of the first e-commerce platforms in Hong Kong to accept payments by interest-free instalment with any credit card; in 2020, payments via PayMe became available to our customers as an option on checkout; in 2021, we joined forces with Livi Bank, one of the first licensed virtual banks open to the public in Hong Kong, to provide the convenience of payment by virtual debit card. Our Directors view the offer of diversified payment options as an efficacious means to increase the basket value of purchases by our customers.

In the meantime, we have been making every endeavour to enhance customer satisfaction through speedy and reliable order fulfilment. We have in place a warehouse management system that is also developed in-house, the features of which include, among others, the use of bar coding and tailored mobile devices in warehousing for identification and tracking of inventory. Our expanding delivery network covers more than 2,000 pick-up points scattered all over Hong Kong, in addition to residential and business addresses. Through all these means, we seek to arrange for the items ordered by our customers to be shipped within eight working hours to the largest practicable extent and take our promptness in order delivery and precision in order fulfilment to the next level.

When it comes to marketing and promotion, we have been taking a pioneering approach as well. We have been prompt in adopting in the Hong Kong market practices that have been met with success in other markets as observed. For example, we were proactive in introducing sales campaigns on 11 November (also known as the Singles' Day) and organised the "Double 11 Shopping Festival" on the Yoho E-commerce Platform for the first time in 2014, which has now become a market tradition.

We believe that our unswerving devotion to innovation is one of the most salient features that continue to differentiate us from the other retailers of consumer electronics and home appliances in Hong Kong.

We adopt a multifaceted marketing and promotion strategy based on our insights into the local market

Our Directors believe our well-executed marketing and promotion strategy plays an important part in promoting our reputation and brand awareness and bringing about the rapid growth in our customer base. Through our online and offline marketing activities, we aim to increase the exposure and recognition of not only our own brand but also the brands of the products we seek to introduce to the Hong Kong market.

We place our focus on online marketing as we conduct marketing and promotional activities. The major forms of online marketing we adopt include (1) search engine marketing, whereby our advertisements are displayed on the search results pages of search platforms, social media sites and video platforms; (2) social media marketing, whereby we publish advertisements and contents regarding our products and latest offers on the social media via our official account to generate traffic to our website; (3) influencer marketing, whereby we had invited key opinion leaders in Hong Kong to try out our products and introduce the product features and share their user experience in live streams and/or by posting articles, videos and/or photos on social media; (4) email marketing, whereby we send advertisements and messages about our products and latest offers to our registered users using emails; (5) video marketing, whereby we post commercials and videos introducing the features of our products on our official channel on a certain video platform; and (6) content marketing, whereby we publish on the Yoho E-commerce Platform articles containing relevant and useful advice on product selection, which serves to drive purchases.

When we conduct online marketing activities, we practise precision marketing to the largest practicable extent. We start by analysing the data sets amassed from the online and offline shopping behaviours of our registered members. After gaining insights into the individual spending preferences and patterns, we curate and deliver to targeted customers varied product recommendations with a view to addressing their needs. For example, emails with contents regarding our offerings and promotions based on their purchase history are sent to our registered members from time to time.

In terms of traditional offline marketing activities, our Group conducts advertising in various forms, including newspaper and magazine advertisements, and advertisements on the exterior and in the interior of buses.

In addition, we also avail ourselves of free marketing. We aim to fulfil each order to the greatest satisfaction of our customers as a means to boost sales to repeat customers and to create word-of-mouth publicity. We believe that through our close collaboration with the financial institutions and financial technology companies, we also stand to gain increased attention and brand visibility among consumers.

As regards promotional activities, we organise various promotional campaigns year-round, including, among others, the annual "Double 11 Shopping Festival", which we were proactive in introducing and launched on the Yoho E-commerce Platform in 2014 and "313 Anniversary Thanksgiving Sale" to celebrate the anniversary of the inception of the Yoho OMO Business. We also have the "Best Price Promo" every Thursday, during which special discounts are offered for selected products.

We believe that the various marketing and promotional activities carried out by our Group have been effective in deepening our market penetration.

We have a dedicated, insightful and enterprising management team

Our Group is led by Mr. Wu and Ms. Tsui, who are co-founders of the Yoho OMO Business and our controlling shareholders and Executive Directors, and serve as our Chief Executive

Officer and Chief Operating Officer, respectively. Mr. Wu has more than 14 years of experience in the Consumer Electronics and Home Appliances industry in Hong Kong and the PRC. Through his journey in this industry, he was able to gain practical experience and commercial insights. Prior to starting the Yoho OMO Business in 2013, he was involved in the trading and distribution of consumer electronics products through offline channels in Hong Kong from 2008 to 2013. He was also engaged in the trading of consumer electronic products in the PRC from 2011 to 2013. In the belief that the consumer behaviours in Hong Kong would eventually shift online and spurred on by the ambition of making quality products available to consumers at affordable prices, Mr. Wu, together with Ms. Tsui who shared common visions, started our retail business in 2013. Mr. Wu and Ms. Tsui aspired to introduce the OMO business model to the Hong Kong e-commerce industry, such that consumers could have a complete and seamless shopping experience benefitting from the advantages of both online shopping and offline shopping. Hence, the Yoho E-commerce Platform and our first retail store came into operation contemporaneously in the year of inception of our retail business, and we became one of the first e-commerce businesses adopting the OMO model established in Hong Kong. In order to enhance customer experience and operational efficiency, we have been proactive in adopting new technology in multiple aspects of our business operation.

Over the years, under the stewardship of Mr. Wu and Ms. Tsui, we have recorded robust and rapid growth in the Yoho OMO Business to the scale as it is now, with a CAGR of approximately 107.1% attained in the Yoho OMO Business during the three years ended 31 March 2021; we have also attracted a devoted following and developed a sizeable customer base that continues to expand rapidly. A start-up back in 2013, we have risen to become the top-ranked e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and record the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21, thereby transforming ourselves into one of the leading market players in the Hong Kong B2C e-commerce industry. In response to the emergence of e-commerce in the Consumer Electronics and Home Appliances markets in Hong Kong, some of the pre-existing market players with well-established offline retail networks have launched their e-commerce platforms, and it has now become the industry norm that retailers of consumers electronics and home appliances in Hong Kong adopt both the online and the offline business models.

We believe the results we have achieved within an operating history of approximately eight years are in themselves testimony to the entrepreneurship, foresight and business acumen of our co-founders. Going forward, we shall remain steadfast in our pursuit of innovation and our drive to deliver to consumers shopping experiences of the highest order under the lead of our dedicated, visionary and enterprising management team.

For further details of our Directors and other members of our management team, please see "Directors and Senior Management" in this prospectus.

BUSINESS STRATEGIES

To continue to expand our business and increase our market share, and to further the accomplishment of our business objectives, we plan to implement the following strategies:

Capturing a larger market share through organic growth

According to the F&S Report, the size of the Hong Kong B2C e-commerce industry for Consumer Electronics and Home Appliances in terms of online retail sales is forecasted to grow from approximately HK$8.5 billion for FY21/22 to HK$15.3 billion for FY25/26 at a CAGR of 15.8%. Our Directors believe that we, as one of the leading market players with a track record of rapid growth in revenue and customer base, are well-placed to take advantage of the increasing e-commerce penetration in the Hong Kong retail market to achieve further business growth. Given our market share of approximately 5.6% (in terms of online retail sales of Consumer Electronics and Home Appliances) for FY20/21, we see ample room for further expansion of our market share and dominance in the industry.

Increase in inventory level

As a result of the anticipated growth in our scale of operation, product diversity and order size and volume following the implementation of the business plans set forth in "Business Strategies" in this section, it will become necessary for us to keep a larger inventory and our relevant capital requirements will correspondingly increase. Our Directors have assessed the need to increase our inventory level utilising the net proceeds from the Global Offering from both our business development perspective and the market perspective:

Strengthening the breadth and depth of our Group's inventory level as a growth driver and our corresponding cash flow needs

As our Group has adopted the direct sales model, it is necessary for us to procure products from suppliers and to maintain a sufficient level of inventories of products in order for us to generate revenue through sale of products. While we have been able to record a revenue growth of 92.0% and 101.2% in FY19/20 and FY20/21 as compared with the corresponding prior financial year respectively, our inventories turnover days decreased from 44 days in FY18/19 to 42 days in FY19/20 and FY20/21. It demonstrates our improvement in efficiency in inventory management on the one hand, and our ability to procure and offer products in relatively higher demand from our customers on the other hand.

In other words, our Group's ability to diversify the breadth (in terms of number of SKUs) of our product offerings to satisfy different customers' needs, and the depth (in terms of the stock level of each SKU) so as to maintain a stable supply of our products (especially for popular products), shorten delivery time and enhance customers' purchase experience, is the key growth driver of our Group. To achieve this, we maintained inventories with a carrying amount of approximately HK$15.8 million, HK$32.3 million, HK$66.9 million and HK$68.8 million as at 31 March 2019, 31 March 2020, 31 March 2021 and 30 November 2021 respectively, representing a CAGR of 105.8% from FY18/19 to FY20/21, while we were able to record revenue growth at a CAGR of 96.5% from FY18/19 to FY20/21.

In view of (1) the above comparable growth trends in our revenue and inventory level during the Track Record Period; and (2) the impact resulting from the increase in inventories on the consolidated cash flow statement of our Group of approximately HK$7.1 million, HK$16.8 million, HK$35.0 million and HK$2.5 million during FY18/19, FY19/20, FY20/21 and 8M21/22, respectively, our Directors are of the view that additional capital for a higher inventory level is essential for supporting our revenue growth in the future, and our internal resources alone may not be sufficient to meet our needs in this regard taking into account our expected revenue growth and corresponding inventory level. We expect that net proceeds from the Global Offering in the amount of HK$13.2 million, together with our internal resources, will be used for our purchases of inventories over FY22/23 and FY23/24, which our Directors believe is well substantiated. It is expected that inventory of approximately HK$6 million as at 31 March 2023 will be kept at each of our Kwun Tong Store, Cheung Sha Wan Flagship Store and Hong Kong Island store (to be established in FY22/23) respectively. The rest of our inventory will be kept in the warehouse operated by us and the warehouse provided and managed by an independent warehousing service provider.

The industry and our Group's market position

In respect of the major vertical in which our Group and our major competitors are operating, i.e. online retail sales of Consumer Electronics and Home Appliances, as advised by F&S:

- the market size of the Consumer Electronics and Home Appliances market in Hong Kong is forecasted to grow from approximately HK$34.6 billion for FY21/22 to HK$49.6 billion for FY25/26 at a CAGR of 9.4%;

- the market size of online retail sales of the Consumer Electronics and Home Appliances market in Hong Kong is forecasted to grow from approximately HK$8.5 billion for FY21/22 to HK$15.3 billion for FY25/26 at a CAGR of 15.8%; and

- the market size of direct-to-consumer online retail sales of the Consumer Electronics and Home Appliances market in Hong Kong is forecasted to grow from approximately HK$6.3 billion for FY21/22 to HK$11.2 billion for FY25/26 at a CAGR of 15.5%.

It follows that the Consumer Electronics and Home Appliances market has a large and growing market size. Further, as advised by F&S:

- while there has been an increasing consumer preference for online shopping, major players in the Consumer Electronics and Home Appliances sector (other than our Group) have only established their e-commerce platforms starting from FY16/17. The Yoho E-commerce Platform, on the other hand, was launched in 2013, and our Group ranked first in terms of online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6% for FY20/21. Our Group is also one of the first businesses adopting the OMO model in the Consumer Electronics and Home Appliances sector, which fosters a one-stop shopping experience for consumers, contributing to increased customer confidence and loyalty in purchasing electrical appliances with sophisticated specifications; and

- as a market trend, with the gradual expansion of the e-commerce industry in Hong Kong, large-scale market participants are expected to capture a larger market share due to their capabilities to provide integrated one-stop services, established relationships with suppliers and developed customer loyalty and reputation, whereas small-scale market participants may be driven out of the market due to their limited technological and operational capability and lower bargaining power. Consumers in this industry often prefer and refer to large-scale and notable market participants. There has been a growing degree of market consolidation in the e-commerce industry in Hong Kong, which is implicit in the increase in the aggregate market share of the top five market players from approximately 17.0% for FY18/19 to 21.5% for FY20/21. It is expected that the industry will become more consolidated in the next several years, and the above factors favour market consolidation for large-scale companies.

Given the above, despite the fairly high degree of fragmentation of the Consumer Electronics and Home Appliances e-commerce market (where the top five industry players accounting for only approximately 16.6% of the total market share in FY20/21), our Directors believe that our Group is in a better position to strengthen our market position and capture the increasing market demand. This is because we (1) are a leading market player in the industry; (2) have the brand recognition specialising in offering a wide range of quality Consumer Electronics and Home Appliances products at competitive prices; (3) have well-established supplier relationships and customer base; (4) operate an e-commence platform with proven website traffic and GMV; and (5) have solid operational experience in the OMO business model which offers consumers a complete and seamless shopping experience.

As part of our strategy to expand the product offerings on our e-commerce platform(s), our Group is also expected to launch our online marketplace operations in FY22/23 (as more particularly set forth in "Business Strategies — Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations" in this section). The online marketplace operations are expected to become another income stream of our Group on the one hand, and can also bolster our website traffic and facilitate the growth of our direct sales e-commerce operations on the other hand, thereby allowing us to capture additional market share.

Establishment of three new retail stores in Hong Kong

In addition, we intend to lease and set up one new retail store in Hong Kong Island that is expected to open in FY22/23, and two new retail stores in New Territories East and New Territories West that are expected to open in FY23/24. In particular, we expect our Hong Kong Island retail store to be set up in Causeway Bay and have a GFA of approximately 10,000 sq. ft. with a monthly rent of approximately HK$29 to HK$58 per sq. ft., subject to the then condition of the rental market and the availability of suitable premises for lease by our Group, and feature a spacious display zone for extensive product experience opportunities. Subject to the then availability of suitable locations for lease by our Group, it is our preliminary plan to set up a retail store in Shatin in New Territories East and another retail store in Tsuen Wan in New Territories West, each having a GFA of approximately 10,000 sq. ft. with a monthly rent of approximately HK$16 to HK$28 per sq. ft. Situated in residential or commercial areas with a higher population density, our existing and new retail stores are conveniently accessible by target customers in the nearby districts due to the coverage by the Mass Transit Railway network and are strategically located with an aim to establish a network of retail stores well-placed to service our existing customers and potential customers in most districts in Hong Kong Islands, Kowloon West, Kowloon East, New Territories West and New Territories East. In identifying a suitable location for our retail stores, we will choose premises in the abovementioned districts that are in the vicinity of a Mass Transit Railway station or otherwise conveniently accessible by target customers in nearby districts. We aim to lease the retail store in Hong Kong Island for a term of three years, while the retail stores in New Territories East and New Territories West will each have a lease term of at least two years.

As confirmed by F&S, the OMO e-commerce business model adopted by our Group requires the presence of both online and offline to embody the synergy effect; the necessity to establish offline stores is principally justified by the following reasons: (i) offline stores serve various purposes such as product display and trial that elevate user experience, and logistics functions, including warehousing, distribution, despatch and pick-up, to shorten delivery time to customers; (ii) offline stores are effective in influencing pedestrians and establishing in-person relationships with customers, and market participants adopting the OMO model have attached increasing importance to offline stores as sources of business opportunities; and (iii) geographically dispersed locations of offline stores are effective in expanding the catchment area in capturing respective population and potential customers in different districts, as they provide customers in all such locations with access to the OMO one-stop purchase journey conveniently within reasonable commuting distance.

We primarily derive our revenue from online retail sales, and our retail stores serve not only to boost our offline retail sales, but also to complement the consumers' shopping experience by providing product experience opportunities to those who may have already explored our product offerings on the Yoho E-commerce Platform. Consumers are offered the opportunities to learn more about the product features through first-hand trial and inspection at our physical stores, which our Directors believe are crucial to the promotion of consumers' confidence and loyalty in online purchases of electrical appliances given that the specifications of these types of products can sometimes be sophisticated. Our offline shops also offer a physical and convenient presence for in-store pickup of products ordered, and for the provision of in-store customer support, particularly in respect of electronic gadgets such as mobile phones, digital wearables and digital cameras where hands-on product set-up and face-to-face services are often required by our customers. With a comprehensive network of retail stores, our Group can also enhance the efficiency for last-mile delivery of our products. Our number of online orders in which our customers had opted to collect their ordered items from our retail stores represented approximately 18.5%, 24.9%, 27.8% and 19.4% of our total number of online orders for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively; the general increasing trend suggests that there has been growing acceptance among our customers of in-store pickup as a delivery option for their online orders, which is an example of how our offline retail channel can complement the operations of our online retail business and create synergies. Particularly, for those of our customers whose purchases do not qualify for free local delivery (the threshold of which is set forth in "Our Business Model — The Yoho OMO Business — Delivery" in this section), in-store pickup allows them to avoid delivery charges and minimise their total spending on the purchases, which distinguishes us from those e-commerce platforms with no offline presence and provides key incentive for such customers to shop with us. Hence, in-store pickup tends to be more popular among those online customers whose order amounts are relatively smaller, and the online orders in which the ordered items were collected by our customers from our retail stores accounted for approximately 11.0%, 16.8%, 17.8% and 14.9% of our revenue from online retail sales via the Yoho E-commerce Platform for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively.

Hence, in deciding on the number and locations of our new retail stores, we have taken the geographical coverage and accessibility by customers and potential customers of these new retail stores, and the resultant retail store network that can be formed as the key factors. This is because these are critical elements that may determine how well these offline stores would be able to complement our consumers' online shopping experience. With our existing Kwun Tong Store and Cheung Sha Wan Flagship Store servicing our Group's customers and potential customers in the Kowloon East and Kowloon West areas, the three new retail stores in Hong Kong Island, New Territories East and New Territories West are intended to offer an easier and more convenient access by customers in these new areas (in which our Group does not have any retail shops at present).

The addition of these three new locations will serve to increase the scale, geographical coverage and accessibility (to both local customers and tourists from the PRC, particularly those from the Greater Bay Area) of our retail store network. With a comprehensive network of retail stores, we will be well-equipped to service a broader range of customers in wider areas and make available to them the complete and seamless shopping experience blending the advantages of both online shopping and offline shopping that we are able to offer under our OMO business model; the provision of enhanced customer services, such as streamlined last-mile delivery may also become possibilities. Additional staff will be hired to run these new retail stores.

The facts that offline retail sales in Hong Kong are expected to grow at a CAGR of only 2.1% from FY21/22 to FY25/26 as reported by F&S, and that our retail store sales only accounted for approximately 14.8% to 27.4% of our revenue and had shown a decreasing trend in operating profits during the Track Record Period, are, on other hand, considered minor factors in our plan to open these three new retail stores in FY22/23. The reasons are that:

(i) as presented in "Competitive Strengths — we are one of the leading market players in the Hong Kong B2C e-commerce industry and have well-developed reputation, brand awareness and customer base" in this section, there has been a salient growth in various items of our operating data, including, among others, number of registered members, number of active customers, number of completed orders, GMV and basket value, during the Track Record Period. This provides robust evidence that there exists significant market demand for our products from a rapidly growing group of consumers, who have shown preference for us as their go-to retailer. The cumulative number of customers who had made both online and offline purchases from us reached approximately 11,400 as at 31 March 2019, 23,300 as at 31 March 2020, 44,000 as at 31 March 2021, and 60,900 as at 30 November 2021, which represented 5.6%, 7.0%, 8.2% and 8.7% of our total number of registered members at the relevant point of time respectively. Our number of customers who had made both online and offline purchases had grown at a faster pace than our number of registered members during the Track Record Period, which suggests that there has been a growing degree of recognition of the advantages of online shopping and offline shopping under our OMO business model from our customers, who have become increasingly keen to experience for themselves the benefits of purchases from our online and offline channels. We believe that the availability of both online and offline retail channels are crucial for establishing our image as an easily accessible retailer of Consumer Electronics and Home Appliances, and the customer approval gained could serve as a driving force of our sales and long-term business growth.

There is therefore a tangible need for us to expand our retail store network so as to extend the holistic OMO shopping experience to a larger population in broader areas, on top of the benefits of online shopping available through the Yoho E-Commerce Platform. Our new retail stores will be strategically located to enable us to achieve this business objective. The statistics published by the Census and Statistics Department show that in 2020, Hong Kong Island and New Territories had a population size of approximately 1.2 million and 3.9 million, representing 16.2% and 52.7% of the total population in Hong Kong respectively, and were home to approximately 0.4 million and 1.4 million domestic household, representing 16.7% and 51.9% of the total number of domestic households in Hong Kong, respectively. For each of FY18/19, FY19/20, FY20/21 and 8M21/22, among our new registered members who had provided an address for registration purpose, over 16.0% and 44.0% of them had a registered address in Hong Kong Island and New Territories respectively. According to the F&S Report, notable market players in Hong Kong with both online and offline establishments have established offline stores proportionate in number to the size of population in each region. In line with the market practice, to better capture the market demand originating from the appreciable population size and cater for our registered members in these regions, we will set up one new retail store in Hong Kong Island and two new retail stores in New Territories, where our Group does not have any offline presence at present;

(ii) the location of our new retail stores and the opening time have been set after careful consideration of relevant financial parameters, such as the breakeven and payback periods, and our forecast profits and revenue levels and cash flows. While the establishment of new retail stores will necessarily involve initial capital outlays, our new retail stores are expected to have limited breakeven and payback periods of approximately two and a half months and 18 months only, respectively, as discussed in greater detail below. As disclosed in "Future Plans and Use of Proceeds — Use of Proceeds — Capturing a larger market share through organic growth" in this prospectus, HK$4.7 million of the net proceeds will be used in this connection during the period from FY22/23 to FY24/25 and the amount of capital expenditure (comprising leasehold improvements, lease liabilities and equipment costs) is estimated to amount to HK$4.0 million only. Our Directors believe that the establishment of new retail stores will not put a material strain on our financial performance and position.

As a point of reference, our Cheung Sha Wan Flagship Store opened in December 2019 when the COVID-19 outbreak got underway, and has been profitable from FY20/21 onwards amid the COVID-19 outbreak and recorded breakeven and payback periods of approximately three months and 18 months respectively, as discussed in greater detail below. It follows that even if the adverse impact of the COVID-19 pandemic on offline retail sales continues, our new retail stores would still have the prospects of achieving prompt breakeven and a short payback;

(iii) the expansion of our retail store network will serve to build up our offline presence, which could bring us additional publicity and in turn increase our brand awareness and reputation. Our Directors consider that the marketing effects that can be achieved are equally significant and conducive to our long-term business development; and

(iv) by increasing the proximity and accessibility of our retail stores to our customers, the expansion of our retail store network can also serve as a booster for our online retail sales in the sense that it could (1) enhance the degree of convenience of in-store pickup as a shipment option available to customers of the Yoho E-Commerce Platform at no extra cost, which we believe is especially beneficial to our online customers with small orders which do not qualify for free local delivery as it allows them to avoid delivery charges; and (2) speed up the fulfilment process with last-mile delivery for other customers who have opted for product delivery when placing their orders online. Smoother and more expeditious order fulfilment may encourage our customers to increase their spending on the Yoho E-commerce Platform. The establishment of the Causeway Bay retail store is expected to be a particularly significant improvement with notable benefits for our customers in Hong Kong Island, as we currently do not have any retail or warehousing facility in Hong Kong Island. The enhanced order fulfilment will provide a material lift in the degree of satisfaction of our customers with their purchase experiences.

The promotion of in-store pickup is also advantageous to our Group from the cost perspective, as our delivery costs can be reduced for each order collected in-store by our customers. For illustrative purpose, for FY20/21, based on (1) the actual number of orders required to be delivered to Hong Kong Islands and New Territories; (2) the estimated percentage of such orders of which the customers would have opted for in-store pickup instead, had in-store pickup from our retail stores in Hong Kong Islands and New Territories been available as shipment options; and (3) our actual average logistics costs per order, cost savings could have been made if our Hong Kong Islands and New Territories stores had been available to provide in-store pickup services for our customers.

In order to avoid competition and cannibalisation among our retail stores, when identifying a suitable location for each of our new retail stores, we will take into account the geographical coverage of the location as compared to those of our existing retail shops in order to ensure that our sales networks do not materially overlap. As our existing and new retail stores are scattered in different parts of Hong Kong covering target customers of different districts, our Directors consider that the risk of competition or cannibalisation among our retail shops is low.

Our Kwun Tong Store recorded operating profit (before finance costs and income tax expense) of approximately HK$3.8 million, HK$2.0 million and HK$1.6 million for FY18/19, FY19/20 and FY20/21 respectively. For 8M21/22, the operating loss (before finance costs and income tax expense) of our Kwun Tong Store was approximately HK$32,000, which comprised approximately HK$244,000 of operating profit generated in its original site (before the relocation in June 2021) and HK$276,000 of operating loss generated in its present site (subsequent to the relocation in June 2021). Our Kwun Tong Store achieved breakeven in respect of its relocation in July 2021, with a breakeven period of approximately two months. By comparing the cash inflows generated (and expected to be generated) by our Kwun Tong Store at its present site and the net initial capital expenditure in respect of its relocation, the payback period of our Kwun Tong Store is expected to be 18 months. Our Cheung Sha Wan Flagship Store commenced its operations in December 2019, and recorded an operating loss (before finance costs and income tax expense) of approximately HK$0.5 million for FY19/20 and an operating profit (before finance costs and income tax expense) of HK$0.4 million and HK$0.6 million for FY20/21 and 8M21/22, respectively. The breakeven period of our Cheung Sha Wan Flagship Store is three months. By comparing the cash inflows generated by our Cheung Sha Wan Flagship Store and the net initial capital expenditure in respect of its establishment, the payback period of our Cheung Sha Wan Flagship Store is 18 months. We expect that the breakeven and payback periods for our new retail stores will be approximately two and a half months and 18 months, respectively, based on the historical and the expected growth trend and their respective proportion as to overall revenue of our existing stores.

Expansion of our engineering team and development of our mobile application(s)

In order to expand our customer base and promote repeat purchases, we shall never cease to seek advancements in the customer experience we are able to offer. To this end, we plan to expand our engineering team such that we can continuously improve the experience of our e-commerce platform users. In view of the increasing popularity of mobile internet-enabled devices, it is our plan to engage specialist engineers and developers to develop mobile application(s) for our e-commerce platform(s) with features adapted for mobile internet users and to maintain the requisite systems afterwards. We expect that our mobile application(s), which is(are) to be launched by the second quarter of 2022 at the earliest, will further increase the accessibility of our e-commerce platform(s) and the degree of convenience our customers enjoy in online shopping.

We will apply approximately 20.4% of our net proceeds from the Global Offering to support our organic growth, including 15.0% for satisfying our capital requirements for a larger inventory during the two years ending 31 March 2024 and 5.4% for setting up our new retail stores and meeting the relevant rental expenses and operational expenses during the three years ending 31 March 2025. In addition, we will in aggregate assign approximately 7.0% of the net proceeds from the Global Offering for expanding and maintaining our sales team in the three years ending 31 March 2025 (with additional sales staff to support the operations of our three new retail stores), and engineering team in the four years ending 31 March 2026 (with user interface/user experience engineers to continuously improve the experience of our e-commerce platform users, and engineers and developers to develop and maintain our mobile application(s)), in support of this business strategy. We shall meet the remaining amount of expenses expected to be incurred in connection with the implementation of this business strategy with our internal resources.

Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations

According to the F&S Report, B2C e-commerce platforms can be classified into two sub-categories, namely (1) direct-to-consumer platforms, which procure products from manufacturers or suppliers, manage inventories, and sell the products to customers via the platforms; and (2) marketplace platforms, which facilitate transactions between third-party manufacturers, suppliers or distributors and consumers and receive commissions from sellers. At present, the Yoho E-commerce Platform is run purely under the direct sales model.

According to the F&S Report, there are over 7,500 e-commerce merchants in Hong Kong, and sizeable and developed e-commerce operators, as they participate in marketplace operation, could leverage their strategic, technical and operational capability to grow into leaders and capture the opportunities in the market. Online retail sales via marketplace platforms are forecasted to reach approximately HK$13.0 billion in FY25/26, where HK$3.9 billion will be attributable to sales of Consumer Electronics and Home Appliances. The competitive edge of notable e-commerce operators may include, among others, (i) advanced payment settlement systems which support payments by digital wallet, credit card and bank transfer to streamline payment procedure; (ii) a developed software infrastructure which contributes to the provision of ancillary services such as brand building and target assortment, and could foster higher exposure for merchants, better user experience and more effective customer engagement; (iii) established experience in connecting and liaising with various small and medium-sized enterprises, to effectively increase the number and variety of merchants on the marketplace platform, catering for higher breadth of customer segments; and (iv) long-standing reputation and customer loyalty, which serves as an integral edge in maintaining a stable and growing customer base.

As a leading Hong Kong-based direct sales e-commerce platform operator, we believe that we are poised to tap into marketplace operations, leveraging our significant website traffic which, according to the F&S Report, was the second highest among all Hong Kong e-commerce platforms for FY20/21. Our Directors consider that the advantages of marketplace operations include potential for faster growth and lower capital intensity, and that such an expansion is in line with the approach taken by most leading e-commerce platform operators, which commonly adopt both the direct-to-consumer model and the marketplace model. Hence, we intend to launch in FY22/23 our online marketplace operations, where third-party merchants may sell their products to consumers and we will earn commission income, and we, at the same time, will also stand to expand the product offerings available on our e-commerce platform as a whole beyond the categories of Consumer Electronics and Home Appliances. The third-party merchants are expected to make available on our platform primarily those types of products that are not currently offered by us and have higher purchase frequency. As a starting point, we intend to involve third-party merchants offering products that are more likely to be of relevance and interest to the target customers of our direct sales e-commerce operations and could, in a way, complement our existing product portfolio, so as to maximise the synergy that could be created between our two different e-commerce models under the Yoho E-commerce Platform. Examples include cosmetics, personal care and household products. Based on existing financial data, we are positive that our existing customer base will be receptive to our proposal to introduce online marketplace operations. It is intended that our online marketplace operations will not only serve to diversify our income streams, but also enrich the product categories available on our e-commerce platform as a whole. This is likely to generate further website traffic, as, in addition to customers looking for Consumer Goods and Home Appliances, a wider group of interested customers looking to purchase other categories of products (such as housewares and lifestyle products) may be attracted to visit the Yoho E-commerce Platform and get to explore the comprehensive portfolio of products on offer. Hence, the launch of online marketplace operations will potentially also serve to bolster and facilitate the growth of our existing direct sales e-commerce operations and the Yoho OMO Business as a whole.

Given that our goal is to diversify the product offerings available on our ecommerce platform for synergy, we are initially looking to partner with third-party merchants offering products and services other than Consumer Electronics and Home Appliances, such as household products and medical and healthcare services. To this end:

(1) as disclosed in "Our Strategic Business Cooperation with Japan Home Centre (H.K.) Limited" in this section, we have entered into a MOU with JHC HK, a wholly-owned subsidiary of International Housewares Retail Company Limited which is a company listed on the Main Board of the Stock Exchange (stock code: 1373) and a well-established housewares retail chain in Hong Kong offering housewares, trend-based products, and personal care, snacks and household fast-moving consumer goods through an extensive retail network. One aspect of the business collaboration covered under the MOU is online marketplace operation, where JHC HK will become an anchor merchant in the housewares and lifestyle category following the launch of our online marketplace operations. This is expected to diversify the product portfolio available on the Yoho E-commerce Platform (especially in the housewares and lifestyle product category) and help lay the foundation for our subsequent online marketplace development;

(2) we commenced pilot online marketplace operations in October 2021 with Union (Group) Investment Limited, a wholly-owned subsidiary of EC Healthcare which is a company listed on the Main Board of the Stock Exchange (stock code: 2138). It is proposed that we will operate and host an online marketplace to facilitate the sale, purchase and promotion of various goods and services between EC Healthcare and shoppers on our platform; and

(3) we have been in active dialogues with other potential third-party merchants over participation in our Group's online marketplace operations, including two of the largest telecommunications operators in Hong Kong, a subscription-based media streaming service provider, a local hotel, a local virtual insurance company, one of the leading brands of bedding products in the Hong Kong and global markets, and a leading online retailer in Japan.

From the third-party merchants' perspective, our platform with online marketplace will be an e-commerce platform of appeal, given our high website traffic which is comparable to that of the leaders in the Hong Kong e-commerce platform market. Additional engineering staff will be hired to enhance the engineering capacity of our Group as a whole to develop our new online marketplace system and support its operation, and our relevant IT systems will be upgraded accordingly. Additional sales and merchant services staff and customer service staff will also be employed for merchant acquisition and to provide the third-party merchants with necessary support, and to meet the escalated demand for customer services resulting from the increased website traffic respectively.

We will allocate approximately 7.1% of the net proceeds from the Global Offering for establishing and running our online marketplace operations and for meeting the relevant IT system upgrade and maintenance expenses during the four years ending 31 March 2026. In addition, we will in aggregate assign approximately 6.9% of the net proceeds from the Global Offering for expanding and maintaining our engineering team for the four years ending 31 March 2026 (with additional engineering staff to enhance our engineering capacity for our new online marketplace system), sales team for the four years ending 31 March 2026 (with sales and merchant services staff for merchant acquisition and to provide third-party merchants with necessary support), and customer services team for the four years ending 31 March 2026 (with additional customer services staff to meet the escalated demand for customer services), in support of this business strategy. We shall meet the remaining amount of expenses expected to be incurred in connection with the implementation of this business strategy with our internal resources.

Expanding our services to customers in the PRC and, in particular, the Greater Bay Area

As one of the leading market players in the Hong Kong B2C e-commerce industry with well-established brand awareness in the local market, we are well-positioned to gain traction in other geographical segments. We recorded an increase in our cross-border sales to the PRC of from approximately HK$0.3 million and HK$0.4 million in FY18/19 and FY19/20 respectively to HK$8.3 million for FY20/21, and we aim to carry on the growth momentum with the benefit of the support for cross-border e-commerce development under the "Outline of the Development Plan for Guangdong-Hong Kong-Macao Great Bay Area" promulgated by the State Council of the PRC. To further the growth of our customer base, we shall endeavour to promote the awareness of our e-commerce platform(s) in the PRC market, especially among those consumers who are looking to purchase products of assured authenticity and quality from reputable retailers. We expect to see an increase in the number of visits to and the volume of orders placed via our e-commerce platform(s) by PRC consumers correspondingly. Capital will be injected in support of the scaling up of our cross-border e-commerce business operation, which will entail, among others, the building of relevant information systems. Examples of the initiatives to be taken by us include developing our official mini-application(s) for the WeChat platform, setting up our flagship store(s) on the major e-commerce portal(s) in the PRC, and inviting celebrities to conduct product promotion in live streams on the e-commerce portal(s).

Given the geographical proximity of the Greater Bay Area to Hong Kong and the volume of inbound tourist traffic from this particular area of the PRC, we will make specific marketing efforts directed towards consumers in the Greater Bay Area. We will conduct focused advertising on the social media and partner with travel companies to promote our brand reputation among consumers in the Greater Bay Area. We expect that such marketing activities will stimulate both placement of online orders by residents in the Greater Bay Area through our e-commerce platform(s) and purchases at our Hong Kong retail stores made by tourists from the Greater Bay Area.

We will set up a dedicated China business team comprising staff at the management level and also marketing executives to take care of our cross-border e-commerce business operation and service PRC customers.

We will put approximately 8.6% of the net proceeds from the Global Offering towards the expansion of our services to customers in the PRC during the four years ending 31 March 2026. In addition, we will assign approximately 1.6% of the net proceeds from the Global Offering for expanding and maintaining our marketing team for the three years ending 31 March 2026 (in connection with the establishment of a China business team), in support of this business strategy. We shall meet the remaining amount of expenses expected to be incurred in connection with the implementation of this business strategy with our internal resources.

Strengthening our supply chain capabilities

As a means to maintain our excellence as an online retailer and to maximise our operational efficiency so as to keep our operating costs to the minimum, we have addressed ourselves to enhancing our order fulfilment capacity and efficiency and inventory turnover, and we shall continue to strive for every improvement in an uncompromising manner.

We plan to establish one more warehouse on leased properties with a gross floor area of approximately 50,000 sq. ft. in the first quarter of 2023 for storage and handling of our inventory, which will grow in size as we reinforce our marketing efforts and scale up our operation; for further details, please refer to "Business Strategies — Capturing a larger market share through organic growth — Increase in inventory level" in this section. Additional warehousing staff will be engaged accordingly. We plan to establish the warehouse in Kwai Chung, which is in the vicinity of the container terminal and major highways connecting different areas in Hong Kong, in order to facilitate the shipment of our products from our warehouse to our retail stores and other pickup points in Hong Kong. The rents for warehouse facilities in Kwai Chung are generally lower, saving our Group's rental expenses. Taking into account the present utilisation rate of our leased warehouse of 75% (based on our current inventory level) and the expected growth in our inventory level for the three years ending 31 March 2024 at a rate corresponding with our revenue growth, it is estimated that our Group will require approximately 34,000 sq. ft. of warehousing space as at 31 March 2024, on top of our current leased warehouse with a GFA of 19,624 sq. ft., for storage of our inventory other than major appliances (which, under our current practice, are stored in another warehouse provided and managed by an independent warehousing service provider). Some other factors will add to our warehousing space requirements, including (1) our intention to keep the inventory of certain SKUs of major appliances, especially those which require installation services, in our own leased warehouse, such that we can have fuller control over the product delivery process for better order fulfilment with improved service quality (through, for example, timely provision of installations services after delivery); based on empirical data of the warehousing space required per unit of such major appliances, it is estimated that up to 10,000 sq. ft. of warehousing space will be required to this end; and (2) our expected need for additional warehousing capacity for processing third-party merchants' inventory following the launch of our online marketplace operations in FY22/23 (further details of which are set forth in "Business Strategies — Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations" in this section), which is estimated to be up to 20% (based on the estimated revenue contribution percentage of our marketplace operations for FY23/24) of the warehousing space required for storage of our inventory (other than major appliances), or approximately 6,000 sq. ft. Based on the foregoing estimates, our Directors believe that it will be commercially justified to establish an additional warehouse of approximately 50,000 sq. ft.

We will upgrade our IT systems for warehouse and inventory management with increased utilisation of the cloud, in anticipation of the higher usage as a result of the rise in inventory flow. As discussed above, we will also invest in the development of autonomous warehouse management systems in order to raise the capacity of all our existing and new warehouses, such that we can cope with the foreseeable increase in warehouse usage without the need to rent more warehouses. Features of the system include automated retrieval, collection and relocation of inventory. The introduction of the systems, at the same time, will also speed up our order delivery and fulfilment process and help bring about a better shopping experience, which may in turn drive increases in customer retention rate and average basket value.

In addition, we will deploy capital to improve our fulfilment and service capabilities by establishing partnerships and collaborations with other logistics companies and courier services providers in connection with the setting up of more pickup points in Hong Kong and/or the provision of last-mile delivery services for our Group. This will enable us to provide our customers with additional service options including, among others, one-hour shipment from any of our five retail outlets (including the three retail stores to be established in FY22/23), free pickup of goods to be returned and same-day appliance installation. We consider that the introduction of such services will effectively sharpen our competitive edge amid the intensifying market competitions.

We intend to designate approximately 9.2% of the net proceeds from the Global Offering for strengthening our supply chain capabilities, including 5.0% for the establishment and running of the new warehouse during the three years ending 31 March 2026, 2.2% for the upgrade, development and maintenance of the relevant IT systems for the warehouse and inventory management and the development of autonomous warehouse management systems during the three years ending 31 March 2026, and 2.0% for the expenses to be incurred for the partnerships and collaborations with other logistics companies and courier services providers for improvement of our fulfilment and service capabilities during the three years ending 31 March 2025. In addition, we will assign approximately 1.6% of the net proceeds from the Global Offering for expanding and maintaining our warehousing and logistics team in the three years ending 31 March 2026 (with additional warehousing and logistics staff to support our additional warehouse's operation), in support of this business strategy. We shall meet the remaining amount of expenses expected to be incurred in connection with the implementation of this business strategy with our internal resources.

Further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities

In recent years, we have seen a gradual shift in the shopping habits of local consumers, whereby they have become increasingly accustomed to acquiring a variety of goods through e-commerce platforms instead of physically making purchases at brick-and-mortar stores. Against the backdrop of growing acceptance and popularity of online shopping in Hong Kong, our Directors consider it apt to strengthen our marketing and promotion efforts to create greater awareness of our Group as a provider of consumer electronics, home appliances and other products under the brand "Yoho".

To this end, we will make fuller use of interactive online media and social networking platforms, increase our advertising spending in different media, and conduct product promotion activities and organise customer events at our retail stores. In the course of these marketing and promotional activities, we will put a stronger emphasis on our identity as the distributor and retailer and on our brand. We believe that these initiatives will effectively increase our brand presence and enhance our brand image. Our goal is to build stronger recognition among the general public of our status as a leading e-commerce platform operator and the go-to retailer of consumer electronics, home appliances and other products in Hong Kong, which will pave the way for further growth in our customer base and business in the long term and help cement our market position.

Meanwhile, we will also intensify our brand-building effort vis-à-vis our business partners. We will host more branding events targeting suppliers and third-party merchants with focused introduction of the capabilities of Yoho as a distributor and retailer, so as to widen the product portfolio on our e-commerce platform(s) and at our retail stores.

In respect of marketing of our products, we will at the same time expand our marketing team to step up our digital marketing and social media marketing. This will include the formation of a data science team comprising data scientists to enhance our precision marketing capabilities and develop a product recommendation engine. By analysing changes in consumer behaviour, we will be able to identify the most suitable products for targeted advertisements for selected customers and promote the degree of precision in our target marketing activities. For example, based on the demographical data obtained and utilising machine-learning technology, we will be able to provide customised user interface of our e-commerce platform(s) to each individual customer, with product display and recommendations suited to their individual preferences. This will in turn drive customer conversion, as consumers are more likely to purchase those advertised items that are found to be of a higher degree of relevance and interest to them. Apart from providing insights in relation to the running of our direct sales e-commerce operations, the data science team is also expected to form the backbone of other technology-driven business areas, by, for example, providing a full suite of services including consumer targeting and big data-driven analytics to the third-party merchants in our online marketplace operations, further details of which are set forth in "Business Strategies – Expanding the product offerings on our e-commerce platform through the launch of online marketplace operations" in this section. The expanded marketing team will also be tasked with running our omni-channel marketing campaigns.

We will set aside approximately 11.8% of the net proceeds from the Global Offering for the above marketing initiatives, including the brand-building activities to be implemented during the two years ending 31 March 2024. In addition, we will assign approximately 2.1% of the net proceeds from the Global Offering for expanding and maintaining our marketing team in the four years ending 31 March 2026 (with a data science team to enhance our precision marketing and capabilities, and marketing executives to run our omni-channel marketing campaigns), in support of this business strategy. We shall meet the remaining amount of expenses expected to be incurred in connection with the implementation of this business strategy with our internal resources.

Acquiring companies in e-commerce-related industries

We plan to acquire the controlling interest (i.e. more than 50% of the equity interest) in one to two company(ies) in e-commerce-related industries in FY22/23 and/or FY23/24 as a means to further expand our product portfolio and customer base and capture the market opportunities brought about by the increasing prevalence of e-commerce in Hong Kong.

We envisage that the acquisition target(s) shall be operating primarily in Hong Kong with sizeable operating scale and have a total valuation below HK$300 million. The acquisition target(s) shall be

(1) e-commerce platforms offering products in other verticals that will complement our existing product portfolio and scope of operation, such as clothing and fashion items, cosmetics, outdoor products, home living products, toys and books, and groceries, such that we will benefit from the synergy created. As confirmed by F&S,

acquisition targets in this category that meet our selection criteria are readily available in the market. This is because the product categories of e-commerce have expanded to include various categories due to increasing consumer preference towards online shopping, as well as the well-established business landscape, including improved delivery and online payment systems; apart from consumer electronics and electrical home appliance, there are e-commerce platforms with focuses on other product categories, namely fashion and beauty, outdoor, grocery, and home living. According to F&S, as at the Latest Practicable Date, there were at least 30 such available acquisition targets; and/or

(2) warehousing and last-mile delivery operators, such that we can gain greater control over our fulfilment process and expand our delivery network, including the coverage of our pick-up points. This will also allow us to tap into the downstream industry and provide fulfilment services, taking advantage of the full suite of IT systems we have in place, and broaden our revenue sources. As confirmed by F&S, acquisition targets in this category that meet our selection criteria are readily available in the market. This is because there is growing demand in e-commerce industry and the downstream industries, such as logistics services, which translates into growth opportunities and lead to increase in the number of market participants. There are a large number of market participants in the logistics industry in Hong Kong and some of them specialise in delivery of goods and provision of other value-adding services, such as e-lockers, for the e-commerce industry. According to F&S, as at the Latest Practicable Date, there were more than 30 such available acquisition targets.

We expect that consideration will be settled by cash and/or issue of shares in the Company, based on arm's-length negotiations between the relevant vendor and our Group taking into account various commercial factors such as our then share price and cash flow and overall financial position, and the vendor's intentions.

As at the Latest Practicable Date, we had neither entered into any letter of intent or agreement for such acquisition nor identified any definite acquisition target.

We estimate that approximately 13.7% of the net proceeds from the Global Offering will be applied to the above acquisitions. We shall meet the remaining amount of expenditure expected to be incurred in connection with the implementation of this business strategy with our internal resources and/or available financing facilities.

OUR BUSINESS MODEL

The Yoho OMO Business under the B2C model is our major sales channel, which generated revenue of approximately HK$114.4 million, HK$223.4 million, HK$490.9 million and HK$477.5 million, representing 84.5%, 85.9%, 93.8% and 96.1% of our total revenue for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively. In particular, our revenue derived from online retail sales (comprising sales through the Yoho E-commerce Platform (both desktop version and mobile version) under the B2C model, and sales to our end customers via Reward Scheme Platforms and third-party online marketplaces under the B2B2C model) amounted to approximately HK$77.4 million, HK$176.0 million, HK$413.5 million and HK$394.5 million, representing 57.1%, 67.7%, 79.0% and 79.4% of our total revenue for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively.

Other sources of revenue of our Group during the Track Record Period included offline bulk sales under the B2B model, and provision of advertising services.

Set forth below is a further analysis of our revenue recorded during the Track Record Period by sales channel:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Yoho OMO Business (B2C)										
Online Retail Sales via										
• Yoho E-commerce Platform (Desktop Website) (B2C)	33,204	24.5%	70,182	27.0%	176,707	33.8%	96,748	33.5%	167,831	33.8%
• Yoho E-commerce Platform (Mobile Website) (B2C)	32,672	24.1%	96,284	37.0%	222,313	42.4%	119,451	41.3%	219,004	44.1%
• Reward Scheme Platforms and Online Marketplaces (B2B2C)	11,480	8.5%	9,529	3.7%	14,450	2.8%	9,023	3.1%	7,685	1.5%
	77,356	**57.1%**	**175,995**	**67.7%**	**413,470**	**79.0%**	**225,222**	**77.9%**	**394,520**	**79.4%**
Offline Retail Sales via										
• Kwun Tong Store *(Note 1)* (B2C)	37,064	27.4%	36,144	13.9%	36,589	7.0%	20,770	7.2%	36,338	7.3%
• Cheung Sha Wan Flagship Store *(Note 2)* (B2C)	–	–	11,240	4.3%	40,828	7.8%	22,150	7.7%	46,611	9.4%
	37,064	**27.4%**	**47,384**	**18.2%**	**77,417**	**14.8%**	**42,920**	**14.9%**	**82,949**	**16.7%**
Total Revenue from Yoho OMO Business (B2C)	114,420	84.5%	223,379	85.9%	490,887	93.8%	268,142	92.8%	477,469	96.1%
Offline Bulk Sales (B2B)	21,002	15.5%	36,350	14.0%	31,739	6.1%	20,637	7.1%	18,308	3.7%
Others *(Note 3)*	–	–	224	0.1%	403	0.1%	226	0.1%	954	0.2%
Total	**135,422**	**100.0%**	**259,953**	**100.0%**	**523,029**	**100.0%**	**289,005**	**100.0%**	**496,731**	**100.0%**

Notes:

(1) Our Kwun Tong Store was relocated in June 2021, with both its original site and its present site located in the Kwun Tong District. There was no overlapping operating period for the original site and present site of our Kwun Tong Store.

(2) Our Cheung Sha Wan Flagship Store opened in December 2019.

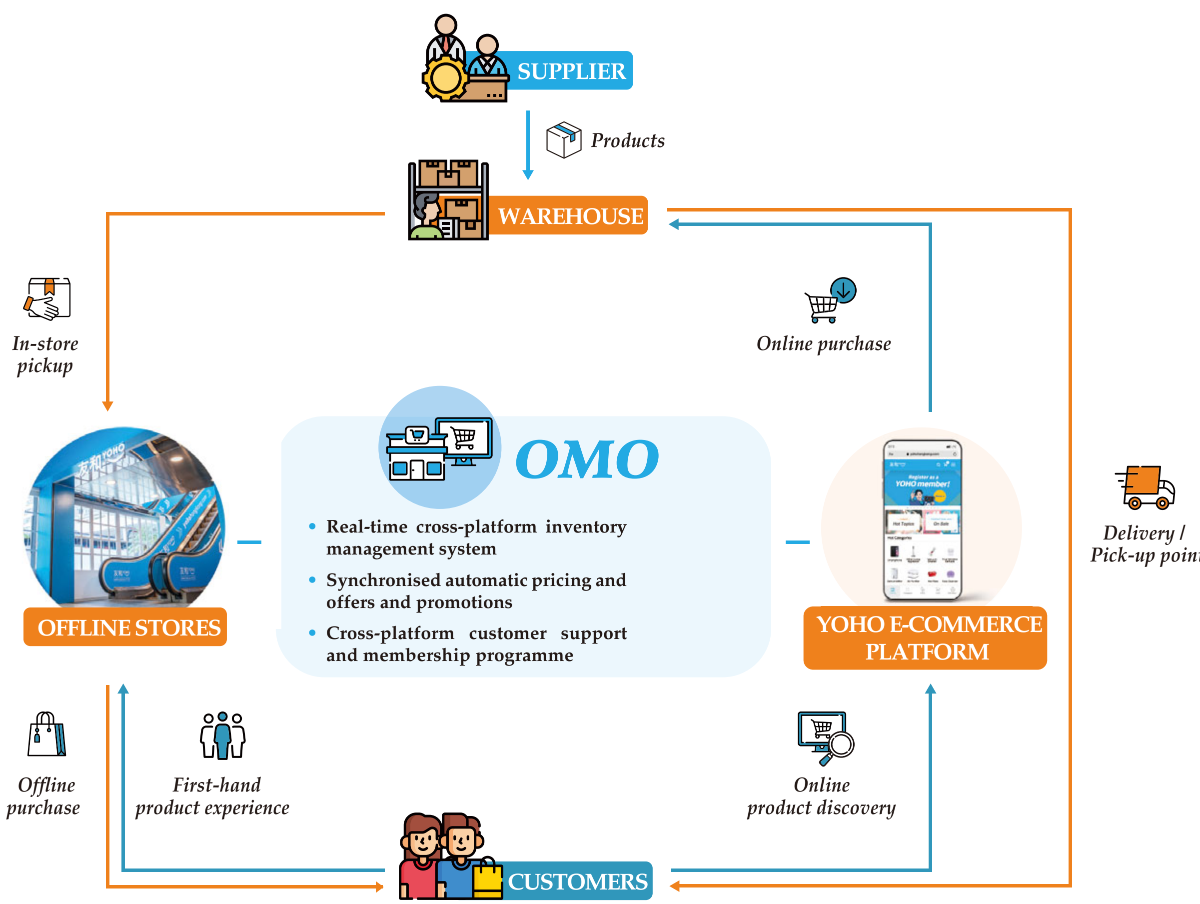
(3) Such other revenue was derived from the provision of advertising services during the Track Record Period.

The Yoho OMO Business

In our retail business, we adopt an OMO business model, with (1) the online limb, where we primarily operate the Yoho E-commerce Platform, i.e. our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version); and (2) the offline limb, where we operate two retail stores in the Kwun Tong District (Kowloon East) and the Cheung Sha Wan District (Kowloon West) respectively.

We procure our products from domestic and overseas suppliers, which are then admitted to our centralised inventory management system and stored in our warehouses and at our retail stores. Individual customers can purchase our products both on the Yoho E-commerce Platform and from our retail stores. We engage local couriers to deliver the items ordered to addresses or pick-up points designated by our customers; alternatively, our customers can choose to pick up the ordered items at our retail stores.

Set forth below is a diagram which illustrates the business flow of our online B2C sales and offline B2C sales, being the major sources of revenue of the Yoho OMO Business:



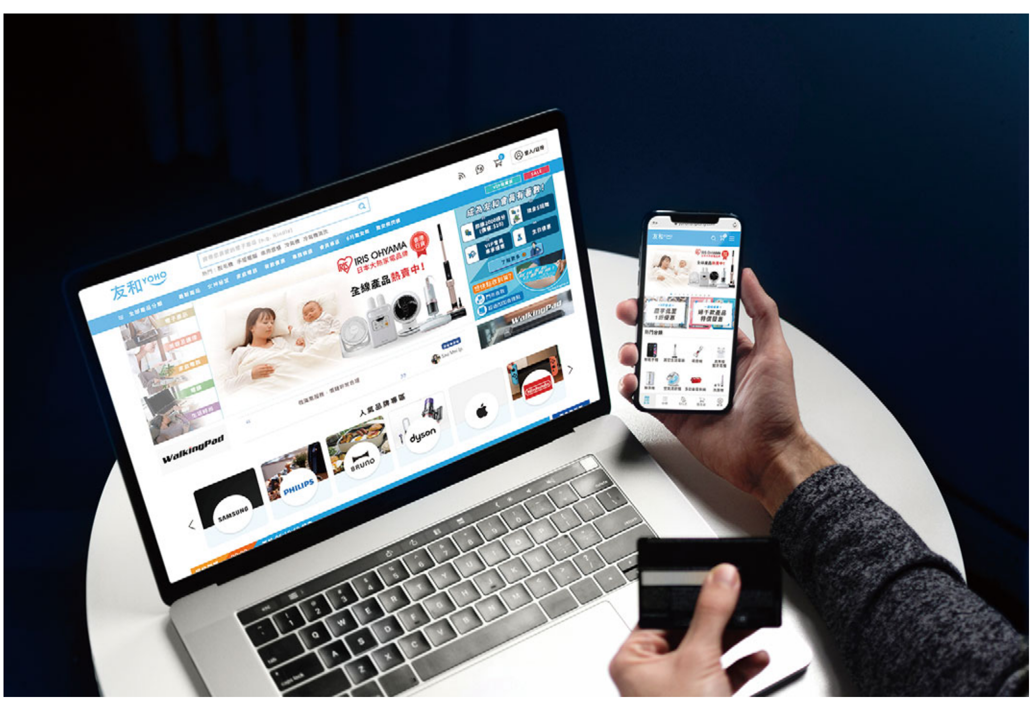
Our E-commerce Platform

We strive to offer an enjoyable online shopping experience through our content-rich and user-friendly Yoho E-commerce Platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version), which commenced operation upon the inception of the Yoho OMO Business. The Yoho E-commerce Platform is accessible via both the desktop version and the mobile version of our designated website.

To assist our customers in gaining insights into our products and making informed purchase decisions, we have built into the Yoho E-commerce Platform a user-friendly interface that allows easy navigation with search functions, and easily accessible product information pages with comprehensive product descriptions and videos (where applicable) and customer reviews and ratings.

Our full product portfolio is available for viewing on the Yoho E-commerce Platform. In respect of each SKU, we provide real-time information about inventory availability in our warehouses and at our retail stores. This feature supplies our customers, especially those who are in urgent need of our products, with useful information for deciding how and where they should make their purchases.

To encourage our members to give feedback about the purchased items which may be of valuable reference value to the potential buyers, points are awarded to our members after they have provided comments on and rated the purchased items via the Yoho E-commerce Platform, which will then be displayed on the product information pages. The points accumulated in a member's account may be applied to a partial set-off of the total price payable by the member once on a future purchase.

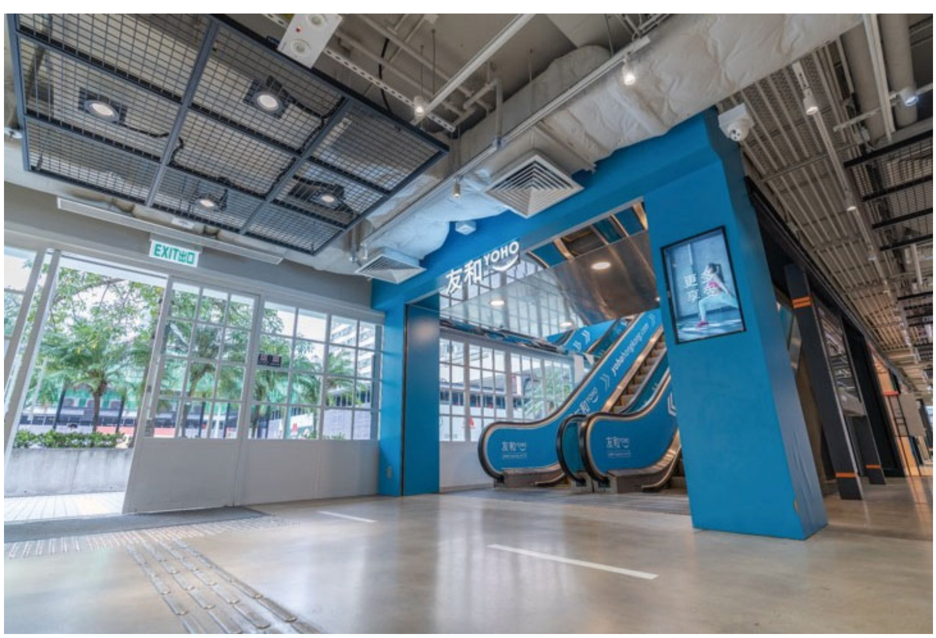


Yoho E-commerce Platform, accessible via both the desktop version and the mobile version of our designated website

Our Retail Stores

We currently run two retail stores in Hong Kong, including our Kwun Tong Store which was set up upon the inception of the Yoho OMO Business and relocated to the present site in June 2021, and our Cheung Sha Wan Flagship Store. Our Kwun Tong Store and Cheung Sha Wan Flagship Store are both located in the vicinity of a Mass Transit Railway station, with a wide array of products on display. Our retail stores allow our customers, especially those in the Kowloon East and Kowloon West areas, to gain deeper insights into the features of our products through first-hand trial and inspection. Our customers also have the options of picking up and returning items purchased on the Yoho E-commerce Platform at our retail stores, and enjoy easy access to designated web-pages for order placement via the Yoho E-commerce Platform after viewing and learning about our products at our retail stores. Our retail stores therefore not only perform retail functions, but also serve to complement the shopping experience of our customers as a whole by providing product experience opportunities to those who may have already explored our extensive product offerings on the Yoho E-commerce Platform, additional product collection options to those who have placed online orders, and flexible order placement arrangements. Our customers thus stand to benefit from the advantages of both online shopping and offline shopping, and enjoy a complete and seamless shopping experience that is characterised by a high degree of interactiveness and convenience.

Our Kwun Tong Store recorded operating profit (before finance costs and income tax expense) of approximately HK$3.8 million, HK$2.0 million and HK$1.6 million for FY18/19, FY19/20 and FY20/21 respectively. For 8M21/22, the operating loss (before finance costs and income tax expense) of our Kwun Tong Store was approximately HK$32,000, which comprised approximately HK$244,000 of operating profit generated in its original site (before the relocation in June 2021) and HK$276,000 of operating loss generated at its present site (subsequent to the relocation in June 2021). Our Kwun Tong Store achieved breakeven in respect of its relocation in July 2021, with a breakeven period of approximately two months. By comparing the cash inflows generated (and expected to be generated) by our Kwun Tong Store at its present site and the net initial capital expenditure in respect of its relocation, the payback period of our Kwun Tong Store is expected to be 18 months. Our Cheung Sha Wan Flagship Store commenced its operations in December 2019, and recorded an operating loss (before finance costs and income tax expense) of approximately HK$0.5 million for FY19/20 and an operating profit (before finance costs and income tax expense) of HK$0.4 million and HK$0.6 million for FY20/21 and 8M21/22, respectively. The breakeven period of our Cheung Sha Wan Flagship Store is three months. By comparing the cash inflows generated by our Cheung Sha Wan Flagship Store and the net initial capital expenditure in respect of its establishment, the payback period of our Cheung Sha Wan Flagship Store is 18 months.



Entrance to our Cheung Sha Wan Flagship Store

The OMO Business Model

According to the F&S Report, online-merge-offline (OMO) is a business model adopted by companies with established presence in both brick-and-mortar store(s) and online store(s) which integrates online commerce and offline commerce to foster and provide to end customers an interdependent purchase experience. Service providers commonly adopt the OMO business model with a view to transcending the boundaries and heterogeneity between online and offline channels through technical and operational means, whereby customers are able to go through the purchase funnel from building up awareness of the service provider, consideration, evaluation, trial and purchase of the desired products, opting for the desired payment and delivery means, and receiving after-sales services, in either and across channels according to their needs, requirements and preferences. When the online and offline channels are merged, information can effectively be circulated across platforms in a way that elevates the convenience of purchasing and the overall consumer journey and creates a one-stop customer experience.

With established presence both online (via the Yoho E-commerce Platform) and offline (via our retail store network, which comprised our Kwun Tong Store and Cheung Sha Wan Flagship Store as at the Latest Practicable Date and is intended to be expanded by the addition of three new retail stores in Hong Kong Island, New Territories East and New Territories West in FY22/23 and FY23/24) and utilising the power of technologies, we are primed to run our retail business under the OMO model. On top of the respective typical advantages of online shopping and offline shopping, our customers enjoy a host of benefits resulting from the synergies created through the combination of online and offline retail channels, including, among others

- product experience opportunities: our customers can explore fully our extensive product offerings online, and learn more about the product features through first-hand trial and inspection at our physical stores where a wide array of products are on display. We believe that these opportunities are crucial to the promotion of consumers' confidence and loyalty in online purchases of electrical appliances given that the specifications of these types of products can sometimes be sophisticated. These are particularly likely to be valued by customers looking to purchase major appliances with relatively higher selling prices (such as televisions, air conditioners, washers, and refrigerators) as they may want to gain a physical sense of the functions, dimensions and specifications of the major appliances through personal examination and exploration before making their purchase decisions;

- enhanced order fulfilment: our customers may opt for pickup from our retail stores as an additional delivery option of items purchased online. During the Track Record Period, our number of online orders in which the ordered items were collected by our customers from our retail stores represented approximately 18.5%, 24.9%, 27.8% and 19.4% of our total number of online orders for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively; the general increasing trend suggests that there has been growing acceptance among our customers of in-store pickup as a delivery option for their online orders, which is an example of how our offline retail channel can complement the operations of our online retail business and create synergies. Particularly, for those of our customers whose purchases do not qualify for free local delivery (the threshold of which is set forth in "Business — Our Business Model —

The Yoho OMO Business — Delivery" in this prospectus), in-store pickup allows them to avoid delivery charges and minimise their total spending on the purchases, which distinguishes us from those e-commerce platforms with no offline presence and provides a key incentive for such customers to shop with us. Hence, in-store pickup tends to be more popular among those online customers whose order amounts are relatively smaller, and the online orders in which the ordered items were collected by our customers from our retail stores accounted for approximately 11.0%, 16.8%, 17.8% and 14.9% of our revenue from online retail sales via the Yoho E-commerce Platform for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively.

For other online customers who prefer delivery to their designated addresses or other pickup points, the comprehensive network of retail stores we are seeking to build in the coming financial years will also enhance the efficiency of last-mile delivery of our products, where products may be delivered to our customers from our retail store(s) in the vicinity;

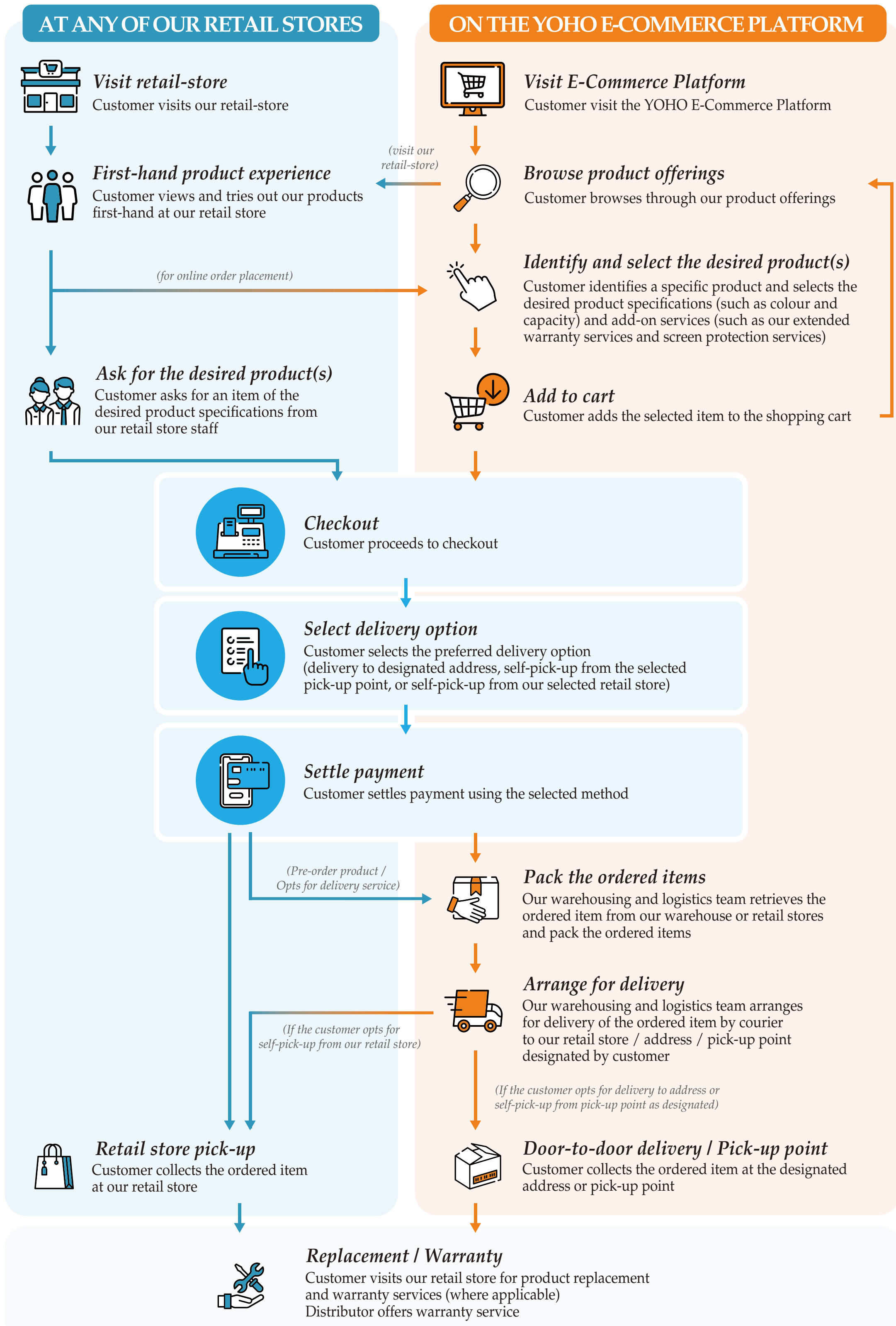
- flexible order placement arrangements: for customers who prefer online order placement after exploring our products at our retail stores, easy access to the designated web-page of each relevant SKU on the Yoho E-commerce Platform is available at our retail stores; and

- in-store customer support, particularly in respect of electronic gadgets such as mobile phones, digital wearables and digital cameras where hands-on product set-up and face-to-face services are often required by our customers.

Our retail stores therefore not only perform offline retail functions, but also serve to complement the online shopping experience of our customers, bringing to them a complete and seamless shopping experience under our OMO business model that is characterised by a high degree of interactiveness and convenience.

We have sought to maintain coherence between the online and offline shopping experiences offered by us. Our customers are furnished with real-time information about inventory availability (in our warehouses and at our retail stores) both on the Yoho E-commerce Platform and at our retail stores. To make sure that favourable prices and offers are available to our customers via both sales channels, we adjust our selling prices and conduct sales promotions on the Yoho E-commerce Platform and at our retail stores in a synchronised manner as far as practicable. We also maintain cross-platform customer support and membership programme.

Set forth below is a flow diagram which presents the shopping experience a customer of our Group enjoys in the Yoho OMO Business:



Set forth below is a table of comparison of retail shopping experience under the online model (i.e. purchases from e-commerce platforms), the offline model (i.e. purchases from retail stores), and our OMO model (i.e. purchases from a retailer which operates both e-commerce platforms and retail stores):

	Online model	**Offline model**	**OMO model**
Viewing of the full product portfolio *(Note 1)*	✔	✖	✔
First-hand trial and inspection of the products of interest	✖	✔	✔
Immediate assistance from the sales staff in relation to product and other enquiries *(Note 2)*	✔✘	✔	✔
Order placement unrestrained by time or physical presence	✔	✖	✔
Pick-up of ordered items from retail store	✖	✔	✔
Pick-up of ordered items from designated pick-up point	✔	✖	✔
Delivery of ordered items to designated address	✔	✔	✔
Access to product replacement and warranty services *(Note 3)*	✔✘	✔	✔

Notes:

(1) SKUs carried by us (whether in stock or out of stock at the relevant times) are available for viewing on the Yoho E-commerce Platform. Upon receiving orders for SKUs that are out of stock from our customers, we will place orders with the relevant suppliers. On the other hand, only SKUs in stock are available for display at our retail stores.

(2) Customer services are available through online chats on the Yoho E-commerce Platform during office hours; waiting time may be involved during peak hours. Our customers may seek immediate assistance from our sales staff at our retail stores in respect of any enquiry they may have.

(3) Customers of the Yoho E-commerce Platform can visit our retail stores to arrange for product replacement and make warranty claims, where applicable and appropriate. Consumers purchasing goods from pure e-commerce platform operators may, on the other hand, have to visit the e-commerce platform operators' offices or contact the brand owners or their local distributors directly for such services.

Further Expansion of Our Retail Store Network

As disclosed in "Business Strategies — Capturing a larger market share through organic growth — Establishment of three new retail stores in Hong Kong" in this section, we intend to set up three new retail stores in Hong Kong Island, New Territories East and New Territories West that are expected to open in FY22/23 or FY23/24.

As explained in the paragraphs above, our retail store network permits us to offer an interactive and convenient shopping experience to our customers under our OMO business model.

From the marketing perspective, our retail store network may also serve to build up our offline presence, which could bring us additional publicity and in turn increase our brand awareness and reputation. Our Directors consider that the marketing effects that can be achieved are equally significant and conducive to the long-term development of our online retail business and the Yoho OMO Business as a whole.

The cumulative number of customers who had made both online and offline purchases from us since the inception of the Yoho OMO Business reached approximately 11,400 as at 31 March 2019, 23,300 as at 31 March 2020, 44,000 as at 31 March 2021, and 60,900 as at 30 November 2021, which represented 5.6%, 7.0%, 8.2% and 8.7% of our total number of registered members at the relevant point of time respectively. Our number of customers who had made both online and offline purchases had grown at a faster pace than our number of registered members during the Track Record Period. This suggests that our customers have become increasingly keen to experience for themselves the benefits of purchases from both of our online and offline channels, and there has been a growing degree of recognition of the advantages of our OMO business model. We believe that the availability of both online and offline retail channels are crucial for establishing our image as an easily accessible retailer of Consumer Electronics and Home Appliances, and the customer recognition gained could serve as a driving force of our sales and long-term business growth.

As disclosed in "Future Plans and Use of Proceeds — Use of Proceeds — Capturing a larger market share through organic growth" in this prospectus, approximately HK$8.5 million of net proceeds will be used in connection with the establishment of our three new retail stores and the amount of capital expenditure (comprising leasehold improvements, lease liabilities and equipment costs) is estimated to be HK$5.6 million only. Our Directors believe that the establishment of new retail stores will not put a material strain on our financial performance and position. As a point of reference, our Cheung Sha Wan Flagship Store opened in December 2019 when the COVID-19 outbreak got underway, and has been profitable from FY20/21 onwards amid the COVID-19 outbreak and recorded breakeven and payback periods of approximately three months and 18 months respectively. It follows that even if the adverse impact of the COVID-19 pandemic on offline retail sales continues, our new retail stores would still have the prospects of achieving prompt breakeven and a short payback.

Our Directors are therefore of the view that the establishment and expansion of our retail store network could fuel the growth of our online retail business, which has all along been, and will remain, the core of our business.

Sales via Reward Scheme Platforms and Online Marketplaces

Our online retail sales in the Yoho OMO Business encompass sales generated under the business-to-business-to-consumer (B2B2C) model, whereby sales are made to our end customers via Reward Scheme Platforms, i.e. online redemption platforms of certain third-party reward schemes, and third-party online marketplaces. We shall be responsible for fulfilment of orders received via the Reward Scheme Platforms and the online marketplaces and provision of after-sale services. In general, after fulfilment of the orders, the Reward Scheme Platforms will pay to us the pre-determined discounted wholesale prices in respect of the items ordered by their members, or the agreed percentages of the actual selling prices of the ordered items as determined by the Reward Scheme Platforms. Where we sell our products via online marketplaces, we are generally entitled to set the selling prices, and the online marketplaces shall remit to us the purchase prices paid by the consumers less sales commissions at pre-determined rates and other fees and charges incurred by the online marketplaces.

Offline Bulk Sales (B2B)

Apart from the Yoho OMO Business, we also generate revenue from offline bulk sales under the B2B model, whereby we mainly supply our products to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders. For FY18/19, FY19/20, FY20/21 and 8M21/22, our revenue derived from offline bulk sales under the B2B model was approximately HK$21.0 million, HK$36.4 million, HK$31.7 million and HK$18.3 million, representing 15.5%, 14.0%, 6.1% and 3.7% of our total revenue respectively.

For further details of our transactions with offline B2B customers during the Track Record Period, please refer to "Our Customers — Offline Bulk Sales (B2B)" in this section.

Provision of Advertising Services

Taking advantage of our well-developed reputation, brand awareness and customer base developed in the Yoho OMO Business, we have been exploring the opportunities to cross-sell our advertising services. During the Track Record Period, we had provided advertising services primarily to the suppliers of our products and our other business partners (such as financial institutions) on the Yoho E-commerce Platform and/or at our retail stores (as the case may be). Our revenue derived from the provision of such services amounted to nil, approximately HK$0.2 million, HK$0.4 million and HK$1.0 million, representing nil, 0.1%, 0.1% and 0.2% of our total revenue for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively.

Our Products

We have a diverse and extensive product portfolio covering over 23,000 SKUs as at the Latest Practicable Date, which can be divided into the following five categories:

Consumer electronics

Major products include

- mobile phones and mobile accessories;
- entertainment and leisure products, such as headphones and speakers;
- video games and gaming accessories;
- wearables, such as sport watches and smart watches; and
- digital imaging products, such as cameras and camera accessories

Beauty and health electronic products

Major products include

- facial care products, such as face cleansers and electric shavers;
- hair care products, such as hair dryers and straighteners;
- skin care products, such as hair removal devices and light therapy devices;
- oral care products, such as electric toothbrushes and water flossers;
- body care products, such as massage chairs and nail care devices; and
- health care products, such as body scales and blood pressure monitors

Home appliances

Major products include

- major appliances, such as televisions, air conditioners, washers, and refrigerators;
- other home appliances such as fans, air purifiers, vacuum cleaners and heaters;
- kitchen appliances, such as rice cookers and microwave ovens; and
- home audio devices, such as high fidelity speakers and soundbars

Computers and peripherals

Major products include

- computers, including laptops, desktops, tablets and mini personal computers;
- monitors, mouses, keyboards and speakers;
- network devices, such as routers and webcams;
- storage devices, such as memory cards and portable hard disks;
- printers, scanners and cartridges;
- eSports gear, such as gaming computer chairs and keyboards; and
- computer components, such as DVD writers and display cards

Lifestyle products

Major products include

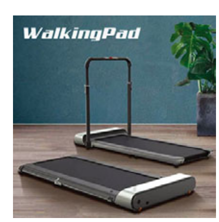
- travel gear, such as suitcases and neck pillows;
- automotive accessories, such as car cameras and car air purifiers;
- baby care products, such as baby strollers and baby beds;
- children's items, such as toys and bikes;
- household goods, such as mosquito traps and backpacks;
- sports gear, such as treadmills and electric bikes; and
- outdoor gear, such as portable fridges and camping lights

A Nintendo Switch Gaming Console under the consumer electronics category

A Dualsonic high-intensity focused ultrasound technology (HIFU) device under the beauty and health electronic products category

An Iris Ohyama dust mites removing bed cleaner under the home appliances category

A laptop under the computers and peripherals category



A WalkingPad treadmill under the lifestyle products category

Set forth below is an analysis of our revenue generated in the Yoho OMO Business (B2C) and our offline bulk sales (B2B) during the Track Record Period by product category:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Consumer electronics	17,684	13.1%	50,929	19.6%	138,087	26.5%	62,311	21.6%	132,865	26.8%
Beauty and health electronic products	41,471	30.6%	58,785	22.6%	91,626	17.5%	56,769	19.6%	75,245	15.2%
Home appliances	63,248	46.7%	123,820	47.7%	207,550	39.7%	120,070	41.6%	209,919	42.3%
Computers and peripherals	6,407	4.7%	10,472	4.0%	49,670	9.5%	25,923	9.0%	49,216	9.9%
Lifestyle products	6,612	4.9%	15,723	6.1%	35,693	6.8%	23,706	8.2%	28,532	5.8%
Total for all product categories	**135,422**	**100.0%**	**259,729**	**100.0%**	**522,626**	**100.0%**	**288,779**	**100.0%**	**495,777**	**100.0%**

Throughout the Track Record Period, home appliances were the product category that contributed the largest proportion of our revenue from the Yoho OMO Business (B2C) and our offline bulk sales (B2B).

The majority of our products available on the Yoho E-commerce Platform and at our retail stores during the Track Record Period were electronic devices intended for everyday use, typically in private homes. For FY18/19, FY19/20, FY20/21 and 8M21/22, over 95.0% of our total revenue from the Yoho OMO Business (B2C) and our offline bulk sales (B2B) was derived from the sales of electronic items, while sales of non-electronic items had contributed less than 5.0% of such revenue.

Customer Services

In the Yoho OMO Business, we strive to make the shopping process on the Yoho E-commerce Platform and at our retail stores as smooth and pleasant as possible by providing our customers with the types of support they may need throughout.

Customer Support

The Yoho E-commerce Platform contains support pages with detailed information and guidance on various aspects in the online shopping process on the Yoho E-commerce Platform and the offline shopping process at our retail stores, including, among others, promotions and offers, payment methods, delivery arrangements, order tracking, return and refund arrangements, warranty services, membership programme and account management.

Our customers may go to the "New" or "Featured" section of the Yoho E-commerce Platform for product recommendations. They may also follow our Facebook page and Instagram account for the latest promotions and offers.

Our online customer service centre has been set up with dedicated staff available to answer enquiries our customers may have in relation to product functions, product returns and refunds and any other issue, and provide customised assistance according to their individual circumstances through online chats.

Membership Programme

We have a membership programme in place to strengthen customer loyalty and incentivise our customers to make repeat purchases. Our customers can become members through self-registration at the Yoho E-commerce Platform. Alternatively, each customer may elect to become a member upon his first purchase from any of our retail stores with the assistance of our staff. As at the Latest Practicable Date, we had a customer base comprising over 807,000 registered members.

Our members can earn points by shopping on the Yoho E-commerce Platform and at our retail stores in general. Points will also be awarded upon completion of the membership registration procedures. To encourage our members to give feedback about the purchased items which may be of reference value to potential buyers, further points will be awarded to our members after they have provided comments on and rated the purchased items via the Yoho E-commerce Platform, which will then be displayed on the product information pages. A member may apply the membership points accumulated in his account to a partial set-off of the price payable on a future purchase.

Our members receive from us the most up-to-date promotion offers, such as birthday offers, latest information of items purchased in previous orders, and seasonal offers. Members can also log into their accounts on the Yoho E-commerce Platform to check both their online and offline purchase records, which enables easy access to other services such as warranty services, and their points balance.

Once the accumulated purchase amount of a member exceeds the prescribed amount, the member will receive an upgrade to permanent VIP membership. Various discounts are available to our VIP members on the Yoho E-commerce Platform and at our retail stores. VIP members can view exclusive offers via the "VIP Discounts" section of the Yoho E-commerce Platform after logging in. In addition, we also organise a VIP Shopping Festival in August every year.

Product Replacement and Refund

As a general rule, all items sold on the Yoho E-commerce Platform and at our retail stores are not returnable and no request for refund will be accepted, except in the circumstances set forth in the paragraphs below.

For certain products sold by us, a seven-day free replacement guarantee is provided for manufacturing defects. If any manufacturing defect in a purchased item is observed, the customer concerned may bring along the purchased item to any of our retail stores and request for inspection and replacement once within seven days after the day of receipt of the item. Given our role as a retailer, whether the replacement can be arranged depends on the business practices of and terms and conditions imposed by the relevant brand owner or distributor. If the SKU concerned is out of stock, the customer can opt to have other item(s) of corresponding value as a replacement.

For SKUs that are out of stock, upon receiving orders from our customers, we will check with our suppliers and place replenishment orders, and provide our customers with the expected delivery dates where practicable. Where the delivery schedule in respect of an ordered item has to be postponed due to a delay in delivery by the relevant supplier, we may, at the request of the customer affected, permit cancellation of the order and make a full refund.

During each of FY18/19, FY19/20, FY20/21, 8M21/22 and after the Track Record Period and up to the Latest Practicable Date, our Group recorded an amount of product replacement of approximately HK$0.5 million, HK$0.7 million, HK$0.8 million, HK$0.5 million and HK$1.0 million, and amount of refund to customers of HK$3.8 million, HK$12.7 million, HK$19.8 million, HK$17.7 million and HK$11.6 million, respectively, for each of FY18/19, FY19/20, FY20/21, 8M21/22 and after the Track Record Period and up to the Latest Practicable Date. The increase in the amount of product replacement and refund to customers during the Track Record Period and up to the Latest Practicable Date were in line with our increase in the number of completed orders and revenue growth.

Our Directors confirm that we had not received any claim under the above guarantee or arrangements that would have had a material adverse impact on our business operation, financial condition or results of operation during the Track Record Period and up to the Latest Practicable Date.

In general, as agreed with our suppliers, our suppliers shall undertake the responsibility to ensure that the merchandise supplied to us complies with the applicable laws, and, in the event of any non-compliance, we reserve the rights to cancel any order and/or return the merchandise at our suppliers' expense. Our suppliers have generally agreed to indemnify and hold us harmless against any claim or liability which any purchaser may make against us arising from the purchase, sale, or use of such merchandise, any defect in its quality, its dangerous conditions, or its non-compliance with the applicable laws. Our suppliers shall generally also be responsible for all claims incurred by us in connection with a recall of any merchandise supplied to us and follow our instructions in the handling of any such recall.

Warranty Services

In general, for products procured from the brand owners or their local distributors, local warranty services are provided by the brand owners or their local distributors for a limited period of time ranging from one to five years. All requests for product repair or replacement must be submitted by the customers to, and will be handled by, the brand owners, and/or their local distributors, manufacturers and/or authorised repair centres directly.

For certain products purchased from the Yoho E-commerce Platform, we offer to our customers extended warranty services, extending the product warranty beyond the period of warranty services provided by our brand owners or their local distributors, at extra cost. During the extended warranty period, a customer may claim reimbursement from us for repair costs charged by the brand owners and/or their local distributors, manufacturers and/or authorised repair centres in respect of a defective item.

In addition, for certain mobile phones, tablets, laptops, ebook readers and designated wearables, our customers can procure screen protection services from us at extra cost, whereby they will be reimbursed once for the repair or replacement costs charged by the brand owners, and/or their local distributors, manufacturers and/or authorised repair centres in connection with accidental damage to the screen or LCD display of the devices during the warranty period.

Our Directors confirm that we had not received any claim in connection with the above warranty services that would have had a material adverse impact on our business operation, financial condition or results of operation during the Track Record Period and up to the Latest Practicable Date.

In respect of products of certain brands which are sold by us as an authorised distributor, we may provide repair services at our customers' request in the absence of any manufacturer's warranty or outside the warranty period. Charges will apply in such circumstances.

Complaint Handling

In relation to complaints made by our customers, our customer service team is responsible for the fact-finding tasks and assessing the merits of the allegations and requests. For a standard case of complaint, we usually give an official reply to the customer concerned after completing the necessary investigation procedure. If the complaint is substantiated, we may offer appropriate solutions such as product replacement, refund or compensation to our customers. Complaints with possible significant impact will be reviewed by and considered by our senior management so as to formulate suitable precautionary measures to prevent recurrence of the incident and improve our services standard and staff training.

Our Directors confirm that we had not received any complaint that would have had a material adverse impact on our business operation, financial condition or results of operation during the Track Record Period and up to the Latest Practicable Date.

Pricing

We strive to make sure that our products are price-competitive. In the Yoho OMO Business, with the aid of an in-house developed automatic pricing system, we keep a close watch on our inventory level (including inventories kept at our retail stores, in our self-operated warehouse and in the warehouse managed by our warehousing service provider). The system algorithm also factors in the prices charged by other retailers in respect of the same products offered by us. Our pricing system automatically determines at what level our selling prices should be set and when adjustments are needed taking into account the factors set forth above. We are therefore able to promptly adjust our selling prices as and when necessary to maintain the price competitiveness of our products on any given date taking into account the prevailing market prices, as well as an efficient inventory turnover. Our operational efficiency and streamlined cost structure as an OMO retailer (with e-commerce being at the core of our operations) permit us to offer our products generally at more competitive prices as compared with other online and offline retailers. For further details in relation to our automatic pricing system, please refer to "Our Technology Platforms — Front End Systems" in this section.

The digital price tags at our retail stores refresh themselves automatically to make sure that the displays of marked price of our products available on the Yoho E-commerce Platform and at our retail stores are synchronised.

While consistency is maintained in the marked price of our products available to our customers via different sales channels, we organise different marketing and promotional activities on the Yoho E-commerce Platform and our retail stores, from time to time to stimulate sales. During such promotion events, discounted prices and/ or other offers may be available to our customers in respect of selected products, our customers may enjoy different promotions/discounts on the Yoho E-commerce Platform and our retail stores. For example, certain promotional campaigns such as flash sales and special discounts were only applicable to our Yoho E-commerce Platform. For further details, please refer to "Marketing and Promotions" in this section.

Warehousing

We procure our products from domestic and overseas suppliers. Upon taking delivery from our suppliers, we shall perform designated inspection procedures, and the batch of goods received will be admitted to our warehouse(s) and/or retail stores(s) for storage and/or display if the condition is found to be satisfactory.

We currently operate a warehouse on a leased property in Kwai Chung with a GFA of 19,624 sq. ft. We also enlist the inventory storage services provided by an independent warehousing service provider, which provides and manages another warehouse in Kwai Chung for storage of our major appliances (such as televisions, air conditioners and refrigerators).

We have developed in-house a warehouse management system using bar coding and tailored mobile devices for identification and tracking of inventory. First implemented in our self-operated warehouse in February 2014, it had been upgraded over the years and helps guarantees our efficiency in order processing and delivery.

Delivery

We procure our products from domestic and overseas suppliers. The SKUs carried by us (whether in stock or out of stock at the relevant times) are available for viewing on the Yoho E-commerce Platform. Where an ordered item is in stock, we will arrange for the item to be delivered to the customer's designated address or pick-up point or make it available for self-pick-up from our retail store according to the customer's preference. For a SKU that is out of stock, upon receiving an order from our customer, we will check with our supplier and place replenishment orders, and provide the customer with an expected delivery date where practicable. We are therefore subject to risks of delay in shipment by our suppliers. For further details, please refer to "Risk Factors — Risks Relating to Our Group and Our Business and the Industry — We may need to order relevant SKUs from our suppliers from time to time in order to fill orders from our customers, and any material delay in shipment of goods from our suppliers to us may lead to customer dissatisfaction and damage our reputation" in this Prospectus. To manage our supply chain risks, we have formulated specific internal control measures and procedures in this regard, details of which are set forth in "Risk Management and Internal Control Systems — Supplier Selection and Supply Chain Risk Management" in this section. Our Directors confirm that our Group had not experienced any delay in shipment of goods from our suppliers to us that would have had a material adverse impact on our business, financial condition or results of operation during the Track Record Period.

In the Yoho OMO Business, we have in place flexible delivery arrangements. We engage independent courier service providers in Hong Kong to deliver our products from our self-operated warehouse to our customers. Our warehousing service provider shall take care of delivery of the ordered items of major appliance from the warehouse managed by it to our customers. Our delivery network covers not only residential and business addresses, but also more than 2,000 pick-up points scattered all over Hong Kong for items of fitting sizes and weights, including smart lockers, service centres of local couriers and convenience stores. These courier service providers are generally able to provide us with tracking information for the deliveries and our customers are able to track the shipping status of their orders through our website or the websites of the courier service providers. A customer may also opt for pick-up of an ordered item from one of our retail stores: where the product is in stock at the chosen retail store, the ordered item will be available for collection from the store upon receipt of our collection notification; otherwise we shall arrange for the ordered item to be transferred from our warehouse to the store. By choosing the delivery option that is best suited to their individual schedule and circumstances, our customers can enjoy maximum convenience in order collection with any possible delay minimised. We are also able to deliver our products to the overseas addresses designated by our customers through independent courier service providers to cater for the needs of our overseas customers.

Zeek, one of the independent courier service providers engaged by us

With the aid of our centralised inventory management system and warehouse management system, we endeavour to maximise our efficiency in order processing and delivery. Where an ordered item is in stock, we apply ourselves to arranging for it to be shipped within eight working hours. We have also strived to keep our delivery error rate to a negligible level.

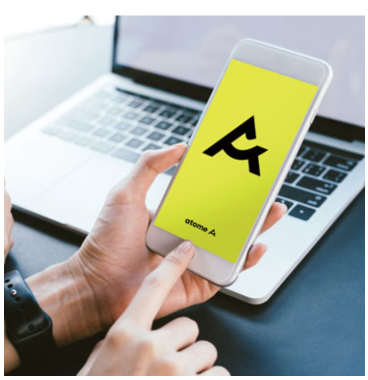
Free local delivery is available for orders exceeding certain prescribed value of the orders. During the Track Record Period, from 1 April 2018 to 3 August 2021, free local delivery were available for purchase over HK$1,000. Starting from 4 August 2021 and up to 31 December 2021, free local delivery were available for purchase over HK$400. Starting from 1 January 2022, free local delivery were available for purchase over HK$500. For local delivery to remote locations in Hong Kong, our Group would charge our customers additional surcharge ranging from HK$30 to HK$200, which was principally determined based on the fee charged by our delivery service providers for delivery to remote areas, including for example, Cheung Chau, Peng Chau and certain restricted areas in Hong Kong.

Our speedy and reliable order fulfilment serves to further enhance customer satisfaction.

Payment

We collaborate with various financial institutions and financial technology companies to provide our consumers with a multitude of payment options in the Yoho OMO Business. We accept payments by credit card, debit card, cheque and transfer via PayMe, AlipayHK, WeChat Pay, Faster Payment System (FPS), automatic teller machine and e-banking.

We have been active in introducing new payment options to online shoppers in Hong Kong. For example, we partnered with Atome, a "buy now, pay later" brand which is part of a big data and artificial intelligence company headquartered in Singapore, and became one of the first e-commerce platforms in Hong Kong to accept payments by interest-free instalment with any credit card; in 2020, payments via PayMe became available to our customers as an option on checkout; in 2021, we joined forces with Livi Bank, one of the first licensed virtual banks open to the public in Hong Kong, to provide the convenience of payment by virtual debit card.



Payment options offered by us in collaboration with Atome, one of our payment partners, are available to our customers on checkout

Payment options offered by us in collaboration with Livi Bank, one of our payment partners, are available to our customers on checkout

Our Directors view the offer of diversified payment options as an efficacious means to increase the basket value of purchases by our customers.

Our Strategic Business Cooperation with Japan Home Centre (H.K.) Limited

Our Group entered into a memorandum of understanding dated 18 May 2021 (the "**MOU**") with Japan Home Centre (H.K.) Limited ("**JHC HK**"), a wholly-owned subsidiary of International Housewares Retail Company Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 1373) and a well-established housewares retail chain in Hong Kong offering housewares, trend-based products, and personal care, snacks and household fast-moving consumer goods through an extensive retail network. Pursuant to the MOU, JHC HK and our Group shall each leverage their and our own resources to collaborate across various aspects, including but not limited to marketing, warehousing services and distribution channels, with a view to delivering a superior OMO experience to customers. In particular, the parties to the MOU have agreed to cooperate in the following aspects:

(1) co-marketing and membership programme, whereby JHC HK and our Group will jointly provide benefits to their and our members and implement co-marketing campaigns to expand customer bases;

(2) inventory sharing and logistics pooling, whereby JHC HK and our Group will co-source inventory and collaborate with each other on logistics arrangements in order to improve warehousing and fulfilment efficiencies and to offer a broader range of products to customers;

(3) online marketplace operation, whereby JHC HK will become an anchor merchant in the housewares and lifestyle category following the launch of the online marketplace operations of our Group, which would help lay the foundation for our online marketplace development; and

(4) provision of pickup services, whereby, leveraging the wide retail network in Hong Kong of JHC HK and its group companies, additional pick-up options will be provided to the customers of the Yoho E-commerce Platform, who may opt to collect their purchased items at JHC HK's retail stores; this will enable us to expand our pick-up point network and provide greater convenience to our customers.

As at the Latest Practicable Date, pursuant to the binding agreement entered into between our Group and JHC HK, our Group and JHC HK had commenced cooperation in the second aspect set forth above, whereby JHC HK had been sourcing inventory from our Group subsequent to the end of the Track Record Period.

OUR TECHNOLOGY PLATFORMS

As the operation of the Yoho E-commerce Platform is part and parcel of the Yoho OMO Business, our business is by nature built upon IT systems. As stated in the F&S Report, e-commerce platform operators are generally subject to higher technological requirements considering the dynamic digital environment: a stable, error-free and well-organised web interface could bring about a smooth information-seeking experience of consumers and transaction process and thus stimulate purchases; advancements in cyber security may help boost consumer confidence in online transactions and diversity in payment solutions may translate into greater customer satisfaction in the online shopping process; technological upgrades may help promote delivery efficiency and bring down operating costs; given the enormous customer number and transaction amounts, it is vital that e-commerce platform operators develop sound data analysis capability such that they can gauge the consumption patterns, preferences and trends of their customers, which would conduce to proper formulation and execution of business strategies vis-à-vis target customers. As regards the offline limb of our business, i.e. offline retail sales under the B2C model via our retail stores, IT may also be applied to streamline the operating procedures and enhance operational efficiency in areas such as customer relationship management and enterprise resources planning.

We therefore view well-built and well-maintained IT systems as the backbone of the Yoho OMO Business. It is imperative that enhancements are constantly made to our IT infrastructure to ensure that it moves with the times. We have, from the very beginning, built our business infrastructure from the perspective of a retail business encompassing both online and offline channels. Our systems and workflows are designed and developed with the intention of fully accommodating e-commerce operation and providing the requisite agility for an e-commerce business. As compared with those adopted by the market players that only introduced their e-commerce platforms some time after they had established offline presence, our Directors believe that, with our self-developed business platform and having availed ourselves of the power of technologies in accommodating the changing business needs from time to time, our systems and workflows produce greater operational efficiency and enable swifter adaptation and modifications in response to developments in the e-commerce industry.

All of the major IT systems used by our Group have been developed in-house, and can be broadly classified into the categories set forth below.

Front-end Systems

Front-end systems are IT systems that are directly accessible by and/or interact with the users. Our front-end systems primarily include the following:

- the Yoho E-commerce Platform, which commenced operation upon the inception of the Yoho OMO Business. It is intended to be a content-rich and user-friendly e-commerce platform that delivers to our customers an enjoyable online shopping experience. The platform is easily accessible, with both desktop version and mobile version that have been specifically developed for easier navigation by users visiting the platform using different devices;

- the real-time cross-platform inventory management system, which was launched in January 2016. It enables real-time information about inventory availability at our warehouses and in our retail stores to be displayed on the Yoho E-commerce Platform to assist our customers in making purchase decisions.

- digital price tags at our retail stores, which were launched in December 2019. The digital price tags refresh themselves automatically to make sure that the displays of pricing information on the Yoho E-commerce Platform and at our retail stores are synchronised, and that consistency is maintained in the prices and offers available to our customers via different sales channels; and

- the automatic pricing system, which came into operation in August 2018. It takes into account a basket of factors in determining our selling prices. The system algorithm covers, among others, the prevailing market prices of the target products set by our major competitors and our inventory level. When determining the selling price of a particular product, the system may also take into account target turnover period and profit margin for the product and the costs concerned. It serves to guarantee the price competitiveness of our products and the efficiency of our inventory turnover. Members of our product team and IT team review and evaluate the pricing mechanism under our automatic pricing system regularly to ensure its effectiveness.

Order Fulfilment Systems

Order-fulfilment systems are back-end IT systems that support our back-office operation in respect of order processing, delivery and fulfilment. We first implemented the warehouse management system in February 2014, which had been subsequently upgraded with the use of bar coding and tailored mobile devices for identification and tracking of inventory. It helps guarantee our efficiency in order processing and delivery and serves to further enhance customer satisfaction.

Our other major order-fulfilment systems include the delivery management system, customer relationship management system (with, among others, data integration and membership management functions) and customer feedback management system.

Enterprise Management Systems

Enterprise management systems are back-end IT systems adopted in other areas of our daily operations. The key enterprise management systems used by us include the enterprise resources planning system (with, among others, built-in procurement management, pre-order management, returned merchandise authorisation (RMA) management and store restocking management functions), retail advertisements management system, human resources management system, accounting system, marketing management system, big data analytics system and retail management system.

MARKETING AND PROMOTIONS

We recognise that well-executed and effective marketing and promotional activities are crucial to our business growth.

Our Marketing Activities

We carry out marketing activities via various channels in order to increase our brand awareness.

Online Marketing

We put our focus on online marketing as we conduct marketing and promotional activities. The major forms of online marketing we adopt include

– search engine marketing, whereby our advertisements are displayed on the online search results pages of search platforms, social media sites video platforms;

An online search results page containing our advertisements

– social media marketing, whereby we publish advertisements and contents regarding our products and latest offers on the social media via our official accounts to generate traffic to our website;

A product promotion post issued by us via our social media account

– influencer marketing, whereby we may invite key opinion leaders in Hong Kong to try out our products and introduce the product features and share their user experience in live streams and/or by posting articles, videos and/or photos on social media;

– email marketing, whereby we send advertisements and messages about our products and latest offers to our registered users using emails;

A marketing email sent by us to our registered members

– video marketing, whereby we post commercials and videos introducing the features of our products on our official channel on a video platform; and

Screenshot of a video posted by us on a video platform

– content marketing, whereby we publish on the Yoho E-commerce Platform articles containing relevant and useful advice on product selection, which serves to drive purchases.

A marketing article published on the Yoho E-commerce Platform

When we conduct online marketing activities, we practise precision marketing to our largest practicable extent. We start by analysing the data sets amassed from our customers' online and offline purchase behaviours. After gaining insights into the individual spending preferences and patterns, we curate and deliver to targeted customers varied product recommendations with a view to addressing their needs.

Offline Marketing

In terms of traditional offline marketing activities, our Group conducts advertising in various forms, including newspapers and magazine advertisements, and advertisements on the exterior and in the interior of buses.

Free Marketing

We also avail ourselves of free marketing.

We aim to fulfil each order to the greatest satisfaction of our customers as a means to boost sales to repeat customers. We take pride in the word-of-mouth publicity we have successfully created with the excellence we deliver throughout the shopping process, from product offerings to customer services.

Our brand and details of our offers may also appear on the websites and in the marketing and promotional materials and other publications of our partnering financial institutions and financial technology companies. We believe that our close collaboration with such business partners is also an effective means to increase the degree of attention we receive and the visibility of our brand among consumers.

Our Promotional Activities

We also conduct promotional activities throughout each year in order to boost sales and attract further publicity.

Promotional Campaigns

As a show of appreciation for the unfailing support of our customers and to stimulate sales, we organise promotional campaigns from time to time, during which selected products from our extensive offerings are available to our customers at and on even more favourable prices and terms. Our promotions and offers are open to our online and offline customers in a synchronised manner as far as practicable.

Annual Promotional Campaigns

We stage several major annual promotional campaigns at different points of time each year, including the "313 Anniversary Thanksgiving Sale" (in March, to celebrate the anniversary of the inception of the Yoho OMO Business), the "818 VIP Carnival" (on or around 18 August), the "Double 11 Shopping Festival" (on or around 11 November), and the "Double 12 Shopping Festival" (on or around 12 December). Flash sales, lucky draws and other forms of discounts and offers will be offered during such campaigns. In particular, we organised the "Double 11 Shopping Festival" on the Yoho E-commerce Platform for the first time in 2014, which played a part in the development of sales campaigns on 11 November (also known as Double 11 or the Singles' Day) in the Hong Kong e-commerce industry.

An advertisement of our "313 Anniversary Thanksgiving Sale" in 2021

Other Promotional Campaigns

"Best Price Promo" is a weekly event that takes place every Thursday, during which we offer discounts for selected products.

We may launch promotional campaigns at other times as and when appropriate, such as Black Friday and Cyber Monday sales. Special discounts may also be offered from time to time to, for example, customers using particular payment methods in collaboration with our business partners.

We also offer special promotions via Facebook to followers of our official account.

Special Offers for Targeted Individuals

We partner with various corporations and tertiary institutions and provide exclusive offers to their registered staff and students.

COMPETITIONS

The e-commerce market in Hong Kong is fragmented and highly competitive with a large number of market players. According to the F&S Report, market players compete with each other in a specific market segment or multiple market segments, depending on the product categories such as fashion, cosmetics, grocery, consumer electronics and home appliances. As we specialise in the provision of Consumer Electronics and Home Appliances, we face competition from online and offline retailers that sell similar products. Please see "Industry Overview" in this prospectus for further details.

SEASONALITY

We experience seasonality in our business. During the three years ended 31 March 2021, we generally derived a higher amount of revenue during the period from November to March of each financial year, which accounted for approximately 51.0%, 54.8% and 54.9% of our total revenue, for FY18/19, FY19/20 and FY20/21 respectively. Our Directors believe that this seasonal pattern is primarily due to the fact that a number of major events and festivals, such as Double 11, Thanksgiving, Christmas and Chinese New Year, take place, and our corresponding promotions are launched, during this period of time.

OUR SUPPLIERS

During the Track Record Period, we typically procured products from suppliers comprising brand owners, authorised distributors and trading companies in Asia. Capitalising on the rapid growth of the Yoho OMO Business over the years, we had established sound business relationships with a network of over 590 suppliers during the Track Record Period, with direct access to certain top-tier brands and distribution rights in Hong Kong in respect of certain products. As a result, we are able to procure a diversified range of products with assured authenticity and quality at favourable prices. We have also been in continuous search for new brands and new, trendy and quality products from overseas markets that can attract the Hong Kong customers' awareness or are in line with their preferences. For further details of our policy on quality control on the products we procured, please see "Quality Control" in this section.

Set forth below is an analysis of our revenue, gross profit and gross profit margin attributable to each type of our suppliers during the Track Record Period:

	FY18/19			FY19/20			FY20/21			8M20/21 (unaudited)			8M21/22		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	HK$'000	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*	
Authorised distributor	36,313	7,542	20.8%	91,899	16,446	17.9%	196,808	27,606	14.0%	120,855	17,521	14.5%	206,935	28,835	13.9%
Brand owner															
• Supplying exclusive products only	29,156	12,020	41.2%	41,682	17,382	41.7%	74,986	32,003	42.7%	48,448	19,926	41.1%	44,512	17,433	39.2%
• Supplying non-exclusive products only	18,114	4,027	22.2%	36,423	6,970	19.1%	84,013	14,138	16.8%	27,060	5,200	19.2%	70,095	10,447	14.9%
Subtotal	47,270	16,047	33.9%	78,105	24,352	31.2%	158,999	46,141	29.0%	75,508	25,126	33.3%	114,607	27,880	24.3%
Trading companies	51,839	9,266	17.9%	89,725	12,235	13.6%	166,819	16,912	10.1%	92,416	10,988	11.9%	174,235	17,085	9.8%
Total	135,422	32,855	24.3%	259,729	53,033	20.5%	522,626	90,659	17.4%	288,779	53,635	18.6%	495,777	73,800	14.9%

During the Track Record Period, the increase in revenue and gross profit and the decrease in gross profit margin attributable to our suppliers (comprising (i) authorised distributors; (ii) brand owners supplying (a) exclusive products only or (b) non-exclusive products only; and (iii) trading companies) were in line with the overall upward trends in our revenue and gross profit and the overall decrease in our gross profit margin throughout the Track Record Period.

During the Track Record Period, the gross profit margin attributable to trading companies were generally lower than those attributable to authorised distributors and brand owners. Such trend was mainly due to the greater extent of control that authorised distributors and brand owners generally have over the pricing of their products, while trading companies, which generally procured their products from either the brand owners or the authorised distributors, would need to mark-up the prices of their products after taking into account their costs of purchase from these brand owners or authorised distributors. Our Group therefore observed a lower gross profit margin for products procured from trading companies.

For further details in relation to the trends in our revenue, gross profit and gross profit margin, please refer to "Financial Information — Period to Period Comparison of Results of Operation" in this prospectus.

During the Track Record Period, we had not experienced any shortage of or delay in supply, major price fluctuation on products procured or product delivery issues which would have had a material impact on our business, financial condition or results of operation.

Selection Criteria for Suppliers

We seek to identify, procure and introduce new, trendy and quality products that (i) based on our industry experience and market researches and analyses, are in line with the preferences of Hong Kong consumers, (ii) fit in well with our market position as a retailer offering a diversified range of products with a focus on Consumer Electronics and Home Appliances, and (iii) have a good selling potential. We exercise caution when building our product portfolio to make sure that only products of quality are selected and offered to our customers. Accordingly, when selecting suppliers, we primarily take into account the following factors:

(i) the reputation of the suppliers in the industry;

(ii) the popularity of the brands and range of products being offered by the brands;

(iii) track record of the sales of the products offered by the suppliers;

(iv) the quality of the products;

(v) whether the suppliers or the brand owners of the products have applied for and obtained all relevant certifications for their products, and whether the production and performance of the products comply with the relevant local or international standards; and

(vi) for local or overseas brands relatively new or less known in the Hong Kong market, their growth potential.

We have identified and maintained a pre-approved list of suppliers, which is reviewed and updated by our procurement team, administration supervisor and financial controller from time to time, and reviewed and approved by our Chief Executive Officer semi-annually. As at the Latest Practicable Date, we have identified over 700 pre-approved suppliers.

Distribution Agreements and Certificates of Authorisation

Depending on the practice of each individual supplier, we may enter into distribution agreements with them or they may issue certificates of authorisation to us under which we are appointed as the distributor with the rights to distribute the products provided by the suppliers. During the Track Record Period, we had successfully entered into exclusive distribution agreements with, or granted certificates of authorisation by, some of our suppliers pursuant to which we were granted the exclusive rights to sell and distribute their products in the territories specified in the exclusive distribution agreements or certificates of authorisation.

The distribution agreements and certificates of authorisation (where applicable) generally contain the following terms:

- **duration of the distribution rights**: generally valid and effective for one to three years;

- **exclusivity and distribution territories**: pursuant to the exclusive distribution agreements and certificates of authorisation, our distribution rights of the underlying products in the specified distribution territories shall be exclusive. Distribution territories include Hong Kong and, for certain suppliers, cover other territories such as Macau;

- **products to be distributed**: pursuant to the exclusive distribution agreements, the products provided by the suppliers which we are authorised to distribute are usually specified;

- **minimum purchase amounts**: the distribution agreements may contain provisions as to the minimum amount of purchases to be made by our Group within a specific period during the term thereof. While achievement of such performance requirements may be set as a condition for the renewal of certain distribution agreements, failure to meet the minimum purchase amount may also entitle the brands to terminate the relevant distribution agreements early. As confirmed by our Directors, during the Track Record Period, our Group was able to meet the minimum purchase requirements set under the relevant distribution agreements.

- **settlement**: purchase prices should generally be settled within a given period of time after placing of orders. Currency in which the payments should be made is usually specified;

- **renewal and termination**: the distribution agreements may generally be terminated by the suppliers and/or us by prior written notice; in cases of material breach of any provision in the distribution agreements, the requisite notice period may be shortened. As mentioned above, renewal of certain distribution agreements is conditional upon, among others, the achievement of the minimum purchase amounts and such achievement may allow our Group to enjoy automatic renewal of the respective distribution agreements. During the Track Record Period, as confirmed by our Directors, there had been no early termination of the distribution agreements by the respective suppliers or our Group.

- **non-compete provision**: our distribution agreements generally do not contain any non-compete provisions. During the Track Record Period, one of our distribution agreements contained a provision restricting our Group from engaging in any activity that may directly or indirectly competes with the products or business activities of the relevant supplier (the "**Old Distribution Agreement**"). Such Old Distribution Agreement expired on 30 April 2021, and a new distribution agreement, which does not contain any non-compete provisions, was entered into by us with the relevant supplier on 1 May 2021. As confirmed by our Directors, there had been no material breach of the non-compete provision under the Old Distribution Agreement during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we were granted exclusive distribution rights by 5, 9, 15 and 14 suppliers in FY18/19, FY19/20, FY20/21 and 8M21/22 respectively. Set forth below is an analysis of our revenue attributable to our products sold on an exclusive or non-exclusive basis during the Track Record Period:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue generated by Yoho OMO Business and offline bulk sales	Revenue	% of total revenue generated by Yoho OMO Business and offline bulk sales	Revenue	% of total revenue generated by Yoho OMO Business and offline bulk sales	Revenue	% of total revenue generated by Yoho OMO Business and offline bulk sales	Revenue	% of total revenue generated by Yoho OMO Business and offline bulk sales
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Exclusive products	30,065	22.2%	45,123	17.4%	79,222	15.2%	51,711	17.9%	45,937	9.3%
Non-exclusive products	105,357	77.8%	214,606	82.6%	443,404	84.8%	237,068	82.1%	449,840	90.7%
Total	135,422	100%	259,729	100%	522,626	100%	288,779	100.0%	495,777	100.0%

Notwithstanding the distribution agreements entered into between the suppliers and our Group and the certificates of authorisation issued to us, during the Track Record Period, we had suppliers with whom we would simply place orders by way of purchase order on an as-needed basis without entering into any long term agreement. In respect of such suppliers, we negotiate with them the procurement order details, such as the products costs, delivery costs, credit terms (if applicable), and return and refund arrangements, mostly on a case-by-case basis.

In order to avoid any conflict of interest or breaches of non-compete provisions (if any) under the relevant distribution agreements, our Group maintains timely and sufficient communications with all of our suppliers to ensure transparency of our product list to our suppliers, such that our suppliers can have a better understanding of our business and our product portfolio prior to entering into business transactions with us. All distribution agreements or arrangements to be entered into between our suppliers and us shall be prepared or reviewed by our Chief Operating Officer and Chief Executive Officer with careful consideration, where particular attention is paid to avoid any violation of the terms of the existing distribution agreements and business arrangements entered into with our other suppliers. Furthermore, in order to maintain the diversity of our product offerings, we would generally not accept the inclusion under any distribution agreement or arrangement with our suppliers of any non-compete provisions that may restrict us from selling similar or substitute products offered by any other supplier.

Major Suppliers

During the Track Record Period, our five largest suppliers accounted for approximately 37.6%, 30.1%, 25.1% and 24.9% of our total purchases for FY18/19, FY19/20, FY20/21 and 8M21/22, respectively, while our largest supplier accounted for 12.8%, 9.7%, 6.5% and 6.6% of our total purchases for the respective periods. For the purpose of providing a better understanding of our business relationship with our suppliers, suppliers which were under common control or otherwise associated with each other at the relevant times have been grouped together and our purchases from such suppliers have been aggregated in the tables below.

Sets forth below are the brief particulars of our top five suppliers during the Track Record Period:

FY18/19

Rank	Supplier	Approximate total purchase amount *(HK$'000)*	Approximate percentage of the total purchase amount of our Group	Nature of major products purchased	Commencement year of business relationship with our Group	Credit term	Payment method	Principal business activities of the supplier
1.	Supplier A	14,046	12.8%	beauty and health electronic products; home appliances; and lifestyle products	2015	Monthly settlement	Bank Transfer	A company based in Japan and principally engaged in the export of home appliances
2.	Group A *(Note)*	12,424	11.3%	home appliances	2015	Three days	Bank Transfer	Wholly-owned PRC subsidiary of a brand owner based in Japan and principally engaged in the production and sale of consumer electronics, furniture, household appliances, pet supplies and gardening supplies
3.	Supplier C	6,223	5.7%	home appliances	2016	30 days after month ends	By Cheque	A company based in Hong Kong and principally engaged in the wholesale of electronic appliances in Hong Kong and Macau
4.	Supplier D	4,283	3.9%	beauty and health electronic products	2018	Payment in advance	Bank Transfer	A brand owner based in South Korea and principally engaged in the production and sale of its own beauty and health electronic products
5.	Supplier E	4,273	3.9%	home appliances	2015	14 days	By Cheque	A company based in Hong Kong and principally engaged in the wholesale of electronic appliances

FY19/20

Rank	Supplier	Approximate total purchase amount *(HK$'000)*	Approximate percentage of the total purchase amount of our Group	Nature of major products purchased	Commencement year of business relationship with our Group	Credit term	Payment method	Principal business activities of the supplier
1.	Supplier F	21,884	9.7%	consumer electronics	2019	Payment in advance	Bank Transfer	A company based in Hong Kong and principally engaged in the sale of consumer electronics
2.	Group A *(Note)*	16,778	7.5%	home appliances	2015	Three days	Bank Transfer	Several wholly-owned PRC subsidiaries of a brand owner based in Japan, which, collectively, are principally engaged in the production and sale of consumer electronics, furniture, household appliances, pet supplies and gardening supplies
3.	Supplier A	11,253	5.0%	beauty and health electronic products; home appliances; and lifestyle products	2015	Monthly settlement	Bank Transfer	A company based in Japan and principally engaged in the export of electronic appliances
4.	Supplier C	10,848	4.8%	home appliances	2016	30 days after month ends	By Cheque	A company based in Hong Kong and principally engaged in the wholesale of electronic appliances in Hong Kong and Macau
5.	Supplier G	7,047	3.1%	home appliances and consumer electronics	2019	Payment in advance	Bank Transfer	The wholesale division of a company based in Hong Kong, which is principally engaged in the sale of consumer electronics and home appliances

Rank	Supplier	Approximate total purchase amount *(HK$'000)*	Approximate percentage of the total purchase amount of our Group	Nature of major products purchased	Commencement year of business relationship with our Group	Credit term	Payment method	Principal business activities of the supplier
				FY20/21				
1.	Group B	30,569	6.5%	consumer electronics	2019	Payment in advance	Bank Transfer	Two companies based in Hong Kong under the same group, which, collectively, are principally engaged in the distribution and sale of consumer electronics
2.	Supplier F	28,235	6.0%	consumer electronics; computers and peripherals	2019	Payment in advance	Bank Transfer	A company based in Hong Kong and principally engaged in the sale of consumer electronics
3.	Group A *(Note)*	21,392	4.6%	home appliances	2015	Three days	Bank Transfer	Several wholly-owned PRC subsidiaries of a brand owner based in Japan, which, collectively, are principally engaged in the production and sale of consumer electronics, furniture, household appliances, pet supplies and gardening supplies
4.	Supplier I	21,128	4.5%	consumer electronics	2020	30 days after month ends	By Cheque	The Hong Kong branch of a brand owner based in Japan, which is principally engaged in the production and sale of gaming console and software
5.	Supplier C	16,587	3.5%	home appliances	2016	30 days after month ends	By Cheque	A company based in Hong Kong and principally engaged in the wholesale of electronic appliances in Hong Kong and Macau

				8M21/22				
Rank	Supplier	Approximate total purchase amount *(HK$'000)*	Approximate percentage of the total purchase amount of our Group	Nature of major products purchased	Commencement year of business relationship with our Group	Credit term	Payment method	Principal business activities of the supplier
1.	Supplier F	27,953	6.6%	consumer electronics; computer and peripherals	2019	Payment in advance	Bank Transfer	A company based in Hong Kong and principally engaged in the sale of consumer electronics
2.	Supplier I	26,070	6.1%	consumer electronics	2020	30 days after month ends	By Cheque	The Hong Kong branch of a brand owner based in Japan, which is principally engaged in the production and sale of gaming console and software
3.	Group B	25,898	6.1%	consumer electronics	2019	Payment in advance	Bank Transfer	Two companies based in Hong Kong under the same group, which, collectively, are principally engaged in the distribution and sale of consumer electronics
4.	Supplier J	13,215	3.1%	home appliances	2020	14 days after delivery	By Cheque	A company based in Hong Kong, being the sole agent in Hong Kong and Macau in relation to the sale, distribution and installation (where applicable) of the products of a brand owner based in Japan
5.	Supplier K	12,701	3.0%	consumer electronics	2019	Monthly settlement	By Cheque	A company based in Hong Kong and principally engaged in the sale of consumer electronics

Note: Group A comprises three companies established in the PRC, all of which were wholly-owned subsidiaries of a brand owner based in Japan. In FY18/19, we procured merchandise from one of these companies only, which was our second largest supplier for that financial year. For FY19/20 and FY20/21, we transacted with all these three companies and they, collectively, were our second and third largest supplier respectively.

Our Directors are of the view that we do not have material reliance on any particular supplier and are not subject to excess risks of supplier concentration as we have, during the Track Record Period, identified a wide range of pre-approved suppliers, mostly located in Asia.

To the best of the knowledge of our Directors, as at the Latest Practicable Date, all of the top five suppliers of our Group during the Track Record Period were Independent Third Parties, and none of our Directors, their close associates or our Shareholders who owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of our top five suppliers at the relevant times.

Quality Control

To ensure the authenticity and quality of the products procured from our suppliers, we only make procurement with suppliers on our pre-approved list. Our pre-approved suppliers are selected taking into account factors including but not limited to their reputation, their brand image, their track records of product offering and the quality of the products they offer. We also endeavour to procure our products either directly from brand owners or from authorised distributors of the relevant brands to ensure the authenticity and quality of the products procured. The list of pre-approved supplier is also reviewed and updated by our procurement team, administration supervisor and our financial controller from time to time. New suppliers will only be added to the list upon completion of preliminary background search including obtaining from them their business registration certificates and/or certificate of incorporation or other supporting documents verifying their capacity as brand owners or authorised distributors of the products to be supplied. We will also cease any business relationship with the relevant suppliers immediately when they are no longer able to satisfy our requirements regarding our products authenticity and quality. The list of pre-approved suppliers is reviewed by our Chief Executive Officer semi-annually for internal control purpose.

After the products are delivered to us by our suppliers, they are placed in our warehouse or retail stores where they will be checked by our designated colleagues with sufficient seniority and experience under our warehousing and logistics team. The designated colleagues will be responsible for counting and confirming the receipt of the correct quantity and authenticity (for example, examination of the relevant anti-counterfeit labels or product warranty cards issued by the brand owners or authorised distributors) of the products and inspect the packaging condition of the delivered products. To further ensure the quality and authenticity of the products to be sold to our customers, we may also require suppliers to provide us with relevant certificates of safety compliance, where appropriate. In cases where issues in relation to product quality or authenticity are identified, our warehousing and logistics team will immediately report to our procurement team for its liaison with our suppliers for refund or return of the relevant products, and our procurement team may remove such supplier from our pre-approved list where necessary.

Sales of Parallel Imported Products

During the Track Record Period, our Group sold certain parallel imported products. Set forth below is the analysis of our revenue attributable to our sales of parallel imported products by product category:

	FY18/19		FY19/20		FY20/21		8M21/22	
	Revenue	**% of total revenue**	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000*	
Consumer electronics	1,053	0.8%	1,733	0.7%	1,086	0.2%	87	0.0%
Beauty and health electronic products	6,249	4.6%	7,822	3.0%	6,271	1.2%	3,989	0.8%
Home appliances	2,440	1.8%	1,677	0.6%	1,432	0.3%	895	0.2%
Computers and peripherals	47	0.0%	30	0.0%	30	0.0%	5	0.0%
Lifestyle products	419	0.3%	1,289	0.5%	636	0.1%	113	0.0%
Total for all product categories	**10,208**	**7.5%**	**12,551**	**4.8%**	**9,455**	**1.8%**	**5,089**	**1.0%**

As advised by our Legal Counsel:

(a) parallel imported products are not copyright works, or that the copyright works in respect of the packaging, labels, graphics, instruction manuals, etc. are accessory works hence not infringing copies, thus it is unlikely that our Group would be found to have actual knowledge or reason to suspect that any of the parallel imported products is an infringing copy; and

(b) as our Group did not in fact receive any claim of breach of exclusive licence agreement, it is unlikely that our Group has committed any secondary infringement, and it is very likely that the Group can rely on the statutory defence under Section 36(1) of the Copyright Ordinance, should any claim of secondary infringement arise.

Based on the above, our Legal Counsel is of the view that our Group had complied with the laws and regulations relevant to the parallel imported products of our Group during the Track Record Period in all material respects. During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or claim relating to the our sales of parallel imported products. For further details of law specific to parallel import, please see "Regulatory Overview — Laws and Regulation Hong Kong — C. Law Specific to Intellectual Property and Parallel Import" in this prospectus.

INVENTORY MANAGEMENT

Our procurement team, marketing team, sales team, IT team and administration and finance team work closely together, with the aid of our in-house centralised inventory management system and automatic pricing system, to control and monitor our inventory levels and to reduce our risk of inventory obsolescence.

Members of our procurement team prepare sales forecast monthly with reference to various factors, including our inventory level, past sales records, expected customer demands and seasonal effects (if any), in order to determine the type of products to be procured and their respective order quantities.

In order to maintain an optimal level of inventory and to minimise obsolete inventories, our centralised inventory management system identifies slow-moving inventories in our warehouses from time to time, which are typically inventories that remain unsold after a prescribed period of time. Our finance team will then check on the slow-moving inventories and, together with our marketing team and sales team, assess whether it would be advisable to launch promotion campaigns or offer further discounts for the slow-moving inventories. In the meantime, our automatic pricing system will perform analysis on the pricing of such products in the Hong Kong market via its price comparison engine and automatically update the selling price of each relevant SKU on the Yoho E-commerce Platform and at our retail stores by setting it at an appropriate reduced level.

For FY18/19, FY19/20, FY20/21 and 8M21/22, our inventories turnover days were approximately 44 days, 42 days, 42 days and 39 days respectively. To the best of the knowledge of our Directors having made all reasonable enquiries, our rate of inventory turnover is in line with the industry norm. As confirmed by F&S, our products, including, among others, Consumer Electronics and Home Appliances, are in general products with longer product life cycles by nature, which helps sustain the saleable condition of the inventory kept by us. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage of inventory supply.

Inventory Provision Policy

Our Group makes allowance for inventories based on an assessment of the net realisable value of inventories after considering the current market conditions, products life cycle, marketing and promotion plans, historical sales records, aging analysis and subsequent sales of the inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The carrying amount of our inventories was approximately HK$15.8 million, HK$32.3 million, HK$66.9 million and HK$68.8 million (net of allowance of HK$0.2 million, HK$0.4 million, HK$0.8 million and HK$1.4 million) as at 31 March 2019, 31 March 2020, 31 March 2021 and 30 November 2021 respectively.

OUR CUSTOMERS

The Yoho OMO Business is by nature a business under the B2C model, and our customers make purchases from our Group via the following retail sales channels: (i) online B2C sales through the Yoho E-commerce Platform (both desktop version and mobile version); (ii) online B2B2C sales to our end customers via Reward Scheme Platforms and third-party online marketplaces; and (iii) offline B2C sales made at our two retail stores, i.e. the Kwun Tong Store and the Cheung Sha Wan Flagship Store. In addition, we also make offline bulk sales under the B2B model mainly to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders.

Set forth below is an analysis of our revenue during the Track Record Period by sales channel:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Yoho OMO Business (B2C)										
Online Retail Sales via										
• Yoho E-commerce Platform (Desktop Website) (B2C)	33,204	24.5%	70,182	27.0%	176,707	33.8%	96,748	33.5%	167,831	33.8%
• Yoho E-commerce Platform (Mobile Website) (B2C)	32,672	24.1%	96,284	37.0%	222,313	42.4%	119,451	41.3%	219,004	44.1%
• Reward Scheme Platforms and Online Marketplaces (B2B2C)	11,480	8.5%	9,529	3.7%	14,450	2.8%	9,023	3.1%	7,685	1.5%
	77,356	**57.1%**	**175,995**	**67.7%**	**413,470**	**79.0%**	**225,222**	**77.9%**	**394,520**	**79.4%**
Offline Retail Sales via										
• Kwun Tong Store *(Note 1)* (B2C)	37,064	27.4%	36,144	13.9%	36,589	7.0%	20,770	7.2%	36,338	7.3%
• Cheung Sha Wan Flagship Store *(Note 2)* (B2C)	–	–	11,240	4.3%	40,828	7.8%	22,150	7.7%	46,611	9.4%
	37,064	**27.4%**	**47,384**	**18.2%**	**77,417**	**14.8%**	**42,920**	**14.9%**	**82,949**	**16.7%**
Total Revenue from Yoho OMO Business (B2C)	114,420	84.5%	223,379	85.9%	490,887	93.8%	268,142	92.8%	477,469	96.1%
Offline Bulk Sales (B2B)	21,002	15.5%	36,350	14.0%	31,739	6.1%	20,637	7.1%	18,308	3.7%

Notes:

(1) Our Cheung Sha Wan Flagship Store opened in December 2019.

(2) Our Kwun Tong Store was relocated in June 2021, with both its original site and its present site located in the Kwun Tong District.

Our Group serves a wide range of B2C customers (both online and offline), B2B2C end customers via Reward Scheme Platforms and third-party online marketplaces, and offline B2B customers, and our five largest customers collectively contributed less than 30% of our total revenue in each financial year during the Track Record Period. Given the above, our Directors are of the view that we do not have a material reliance on any particular customer and are not subject to excess risks of customer concentration.

To the best of the knowledge of our Directors, as at the Latest Practicable Date, all of the major customers of our Group during the Track Record Period were Independent Third Parties.

Online and Offline Retail Sales (B2C)

Customers contributing to our online retail sales through the Yoho E-commerce Platform (both desktop version and mobile version) under the B2C model are generally individual end customers or small-size businesses who/which may have located our website via search engines, third-party social media platforms or advertisements online. For FY18/19, FY19/20, FY20/21 and 8M21/22, our online retail sales under the B2C model accounted for approximately 48.6%, 64.0%, 76.2% and 77.9% of our total revenue respectively.

Customers contributing to our offline retail sales under the B2C model mainly comprise walk-ins at our two retail stores, i.e. the Kwun Tong Store and the Cheung Sha Wan Flagship Store, who are typically members of the public. For FY18/19, FY19/20, FY20/21 and 8M21/22, our offline retail sales under the B2C model accounted for approximately 27.4%, 18.2%, 14.8% and 16.7% of our total revenue respectively.

Online Retail Sales via Reward Scheme Platforms and Online Marketplaces (B2B2C)

We have entered into sale arrangements with Reward Scheme Platforms, i.e. online redemption platforms of certain third-party reward schemes. Under such arrangements, products supplied by our Group are displayed on such platforms, and members of the platforms can redeem their "points" accumulated in the relevant reward schemes for and/or purchase (with discounts available by way of point redemption where applicable) our products via the platforms. In general, after fulfilment of the orders, the Reward Scheme Platforms will pay to us the pre-determined discounted wholesale prices in respect of the items ordered by their members, or the agreed percentages of the actual selling prices of the ordered items as determined by the Reward Scheme Platforms.

Set forth below is a summary of the transaction arrangements under the agreements entered into between the Reward Scheme Platforms, or as otherwise agreed and adopted during the Track Record Period:

- duration of the agreements: generally valid and effective for four to 18 months, subject to renewal;

- product delivery: our Group is generally responsible for the supply of the redeemed products and arranging for the delivery of the redeemed products to the warehouse or the location designated by the Reward Scheme Platforms. In some cases, members of the Reward Scheme Platforms may also pick up/collect the redeemed products at our retail store;

- redemption arrangement: the Reward Scheme Platforms generally collect redemption requests from its members on a regular basis for our Group to arrange delivery or prepare for collection of the redeemed products at the retail stores;

- pricing: in respect of the products redeemed or ordered by the members of the Reward Scheme Platforms, the Reward Scheme Platforms generally pay to us the pre-determined discounted wholesale prices, with discount ranging from 29.4% to 54.0% from the suggested retail price;

- settlement: the settlement term is generally 30 to 45 days upon receipt of monthly invoice;

- return or exchange of goods: we may accept exchanges or returns of defective products redeemed or sold via the Reward Scheme Platforms within a certain period of time; and

- termination and renewal: the agreement or arrangement may generally be terminated by either party by prior written notice. Renewal or extension of the arrangements may also be feasible with mutual consent between our Group and the Reward Scheme Platforms.

Our Directors confirm that to the best of their knowledge, all Reward Scheme Platforms with whom we had transacted during the Track Record Period were Independent Third Parties as at the Latest Practicable Date, and none of our Directors, their close associates or our Shareholders which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of them at the relevant times.

We also sell our products via third-party online marketplaces to their members or members of the public. Under such arrangements, we are generally entitled to set the selling prices on our own or upon negotiation with the online marketplaces, and the online marketplaces shall remit to us the purchase prices paid by the consumers less sales commissions at pre-determined rates and other fees and charges incurred by the online marketplaces.

Set forth below is a summary of the transaction arrangements under the agreements entered into between the third-party online marketplaces and our Group, or as otherwise agreed and adopted during the Track Record Period:

- duration of the agreements: generally valid and effective for a specific period of one year, subject to renewal, or for an indefinite period starting from a specific effective date until termination by either party;

- product delivery: our Group is generally responsible for arranging delivery of products to the warehouses of or locations designated by the online marketplaces, or directly to the end customers;

- pricing: on own or upon negotiation with the online marketplace, we are generally entitled to set the selling prices of the products, and the online marketplaces shall remit to us the purchase prices paid by the end consumers less sales commission ranging from 3.7% to 14.0% at pre-determined rates and other fees and charges incurred;

- settlement: the settlement term generally ranges from 30 days to 45 days after month ends; and

- return or exchange of goods: we generally accept exchanges or returns of, or provide refunds for defective products sold via online marketplaces within a certain period of time. We also accept exchanges or returns of unused or unopened products pursuant to certain agreement.

We regard the consumers who purchase our products via the Reward Scheme Platforms and third-party online marketplaces as our end customers in online retail sales. For FY18/19, FY19/20, FY20/21 and 8M21/22, our online retail sales under the B2B2C model accounted for approximately 8.5%, 3.7%, 2.8% and 1.5% of our total revenue respectively.

Our Directors confirm that to the best of their knowledge, all third-party online marketplaces with whom we had transacted during the Track Record Period were Independent Third Parties as at the Latest Practicable Date, and none of our Directors, their close associates or our Shareholders which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of them at the relevant times.

Offline Bulk Sales (B2B)

Apart from our online and offline retail sales under the B2C model and online retail sales under the B2B2C model, we also concluded offline transactions for certain bulk purchases under the B2B model. Our offline bulk sales are mainly made to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders. To the best of the knowledge of our Directors, such retailers and trading companies would resell our products to their customers in their ordinary and usual course of business. The products supplied by us to such customers are mostly those in respect of which we enjoy the exclusive distribution rights in Hong Kong. Our business relationships with such customers are of a buyer/seller nature. Revenue is recognised at the point in time when control of the goods underlying the particular performance obligation is transferred to the customer.

Our offline bulk sales under the B2B model had been conducted on a recurring basis throughout the Track Record Period, and accounted for approximately 15.5%, 14.0%, 6.1% and 3.7% of our total revenue for FY18/19, FY19/20, FY20/21 and 8M21/22 respectively. We consider that the making of offline B2B sales contributes to the diversity of our income streams and increases availability of our products to consumers as a whole. As confirmed by F&S, it is an industry norm that e-commerce platform operators would make offline bulk sales of their products, especially those in respect of which they enjoy exclusive distribution rights.

Most of our offline bulk sales customers are retailers and trading companies of relatively smaller operating scale. While it is technically possible for these customers to purchase products which we do not enjoy exclusive distribution rights in Hong Kong from brand owners or authorised distributors directly, our Directors believe that brand owners and authorised distributors generally tend to supply their products to customers of larger scale, including us, which are capable of purchasing their products in bulk, in which case the brand owners and authorised distributors can dedicate their resources and manpower on their own product development, manufacturing and distribution without having to involve amble negotiation time and effort in dealing with different customers for smaller orders, attending to the related supply chain operations (such as delivery and settlement logistics), and exposing themselves to credit and counterparty risks of different customers of smaller operating scale and, where applicable, in different jurisdictions. Besides, our dedication to our multifaceted marketing and promotion strategy helps to increase the exposure and recognition of the products of the brand owners and/or authorised distributor customers thereby placing us in the more competitive position than smaller retailers and trading companies in securing a stable supply of these non-exclusive products from brand owners and authorised distributors at more competitive prices. On the other hand, as we have been offering a diversified range of products with assured authenticity and quality, by procuring products from us, these smaller retailers and trading companies could gain instant access to a wide variety of products without the need to deal with each brand owner or authorised distributor individually, to attend to certain major supply chain operations or otherwise to meet the minimum purchase requirements that may be prescribed by these brand owners or authorised distributors, and could thereby minimize their administrative and operational burden and costs.

For FY18/19, FY19/20, FY20/21 and 8M21/22, we had conducted sales to 70, 91, 126 and 66 retailers and trading companies respectively, and to 2, 2, 2 and 10 corporate and other institutional customers respectively, in our offline bulk sales under the B2B model.

Set forth below is a turnover analysis of our active customers in our offline bulk sales under the B2B model during the Track Record Period:

	FY18/19	**FY19/20**	**FY20/21**	**8M21/22**
Number of active customers brought forward from the previous financial year	79	72	93	128
Additions[(1)]	43	60	70	30
Deductions[(2)]	(50)	(39)	(35)	(82)
Number of active customers for the financial year/period	72	93	128	76

Notes:

(1) A customer became our additional active customer during a financial year/period if it, while not having purchased products from us in the previous financial year/period, made its purchase from us during that financial year/period.

(2) A customer ceased to be our active customer in a financial year/period if it, while having purchased products from us in the previous financial year/period, had not made any purchase from us during that financial year/period.

During the Track Record Period, the number of active customers in our offline bulk sales under the B2B model had been growing steadily and there had not been any material fluctuation in the number of active customers during the period. As our sales to these offline bulk sales customers were conducted on order-by-order basis, our Directors believe that the active customer turnover during the Track Record Period was mainly attributable to the changing demand of the particular products by the relevant customers (and their respective end-customers, if applicable), rather than the termination of business relationship with us or, so far as our Directors are aware of, as a result of cannibalisation among our customers.

We generally do not enter into any long term agreement with our offline bulk sales customers. Our transactions with our offline bulk sales customers are normally conducted by way of purchase orders on a case-by-case basis. Set forth below is a summary of the transaction arrangements as agreed between such customers and our Group and adopted during the Track Record Period, and our degree of control over such customers:

- minimum purchase amount: nil;
- product delivery: depending on the preferences of our customers, our Group may arrange for delivery of products to the locations designated by such customers or some of our customers may elect to pick-up the products at our warehouses;
- pricing: the prices at which our products are sold to such customers are generally determined on a case-by-case basis based on negotiations between us and the customers. Products are generally offered to such customers at a discounted wholesale price (which generally ranged from approximately 3.8% to 58.6% discounted to the suggested retail price of the relevant products during the Track Record Period) with no specific provision regarding restriction on or control over the prices at which they would resell the products;
- settlement: we generally require from our offline B2B customers payment either in advance upon their placement of orders or upon delivery of products, or grant them credit periods. Where credit periods are granted, it is generally 30 days;
- restriction on appointment of sub-distributors: nil;
- goods return and/or exchange policy: we generally only accept returns or exchanges of products that are defective. Under such circumstance, after such defects being identified by our customers or their end customers and being notified to us within a reasonable period after the date of sales of the relevant products, we generally accept product returns or exchanges. As confirmed by F&S, the goods return and refund policy is in line with industry practice;
- non-compete provisions: nil; and
- Termination or renewal provision: our sales with the customers are generally conducted on order-by-order basis without any long-term supply commitment by our Group to these customers, and therefore there is no early termination or renewal for the sales transactions.

Notwithstanding that some of our products are sold on offline bulk sales basis to retailers of consumer electronics and home appliances or trading companies that are expected to resell our products to their customers in their ordinary and usual course of business, and there is no specific restriction as our terms of sales on the prices at which they may resell the products, we did not experience any material cannibalisation or competition with these customers in relation to our retail sales of these products that would have had a material adverse impact on our business, financial condition or results of operation during the Track Record Period. This is mainly due to the competitive advantage (in terms of lower product costs and stability of product supply) enjoyed by us over these products, as most of these products were products exclusively distributed by us in Hong Kong. In addition, as these products are supplied to our customers on order-by-order basis without any long-term supply commitment to them, our sales team has been closely monitoring the selling prices of these products offered by them and, if needed, controls the supply of the products to any particular customers should there be unhealthy competition or cannibalisation among our customers.

Our Directors confirm that to the best of their knowledge, all customers of our Group in our offline bulk sales under the B2B model during the Track Record Period were Independent Third Parties as at the Latest Practicable Date, and none of our Directors, their close associates or our Shareholders which owned more than 5% of our issued Shares as at the Latest Practicable Date had any interest in any of such customers at the relevant times.

Customers by Geographical Location

During the Track Record Period, most of our products were sold to customers in Hong Kong. During the Track Record Period, sales to customers in Hong Kong (including our B2C customers (both online and offline), B2B2C end customers via Reward Scheme Platforms and third-party online marketplaces, and offline B2B customers, with delivery addresses located in Hong Kong) accounted for approximately HK$132.0 million, HK$256.1 million, HK$509.6 million and HK$484.7 million, respectively, for FY18/19, FY19/20, FY20/21 and 8M21/22, representing 97.5%, 98.5%, 97.4% and 97.6% of our total revenue for the respective period. An insignificant amount of our sales, amounting to approximately HK$3.4 million, HK$3.9 million, HK$13.4 million and HK$12.0 million, respectively, for FY18/19, FY19/20, FY20/21 and 8M21/22, representing 2.5%, 1.5%, 2.6% and 2.4% of our total revenue for the respective period, was made to customers overseas, such as the PRC, Macau and Taiwan, through our online retail sales channel.

Major Terms and Conditions of Agreements with Our Customers

Save for the agreements entered into between our Group and the Reward Scheme Platforms or online marketplaces as disclosed in "Our Customers – Online Retail Sales via Reward Scheme Platforms and Online Marketplaces (B2B2C)" in this section, we do not normally enter into long-term or framework agreements with our B2C customers (both online and offline), B2B2C end customers via Reward Scheme Platforms and third-party online marketplaces, and offline B2B customers.

We do not grant a credit period to our online B2C customers on the Yoho E-commerce Platform. We will only deliver products to our customers upon receiving their payments. For sales to our offline B2C customers through our retail shops, customers are required to make immediate payment at the cashiers. In respect of our offline B2B customers, we generally require from them payment either in advance upon their placement of orders or upon delivery of products, or grant them credit periods (the length of which depends on our business relationship and their payment records). Standard terms of use are included on the Yoho E-commerce Platform for transactions with our online B2C customers, as well as in our invoices issued to our offline B2C customers and offline B2B customers, which include disclaimers and limitation of liability clause(s) in connection with our transactions with such customers.

Overlaps between of Major Suppliers and Major Customers

During the Track Record Period, we had primarily procured home appliances and consumer electronics from Supplier G, the wholesale division of a Hong Kong-based company ("**Company A**") and a dealer in Hong Kong of the relevant brands of products; we had also sold to the retail division of Company A (which operates retail stores in Hong Kong) mainly products in respect of which we enjoyed exclusive distribution rights in Hong Kong and Macau. Set forth below are further details of our transactions with Company A during the Track Record Period:

	Purchases		**Sales**		
	Purchases	**% of total purchases**	**Revenue**	**% of total revenue**	**Gross Profit**
	HK$ million		*HK$ million*		*HK$ million*
FY18/19	2.4	2.2	0.6	0.5	0.2
FY19/20	7.0	3.1	1.7	0.6	0.5
FY20/21	1.5	0.3	3.5	0.7	1.0
8M21/22	–	0.0	1.6	0.3	0.6

During the Track Record Period, we had also procured from five of our major customers primarily products of brands with whom we had yet to establish business relationships or merchandise that was competitively priced, and sold to them mainly products in respect of which we enjoyed exclusive distribution rights in Hong Kong and Macau or merchandise that we priced competitively. Set forth below are further details of our transactions with such major customers during the Track Record Period:

	Purchases		**Sales**		
	Purchases	**% of total purchases**	**Revenue**	**% of total revenue**	**Gross Profit**
	HK$ million		*HK$ million*		*HK$ million*
FY18/19	0.6	0.6	4.2	3.1	1.6
FY19/20	1.5	0.7	10.9	4.2	3.5
FY20/21	4.0	0.9	3.5	0.7	2.0
8M21/22	3.5	0.8	4.6	0.9	0.6

In respect of each of the above entities, there was no overlap between the products we purchased from and sold to it during the Track Record Period.

According to the F&S Report, it is common for market players in the Hong Kong retail and wholesale industries to procure from their peers products of brands which are distributed by their peers as exclusive or authorised distributors, or which they have otherwise not been able to gain access to, in order to broaden their product offerings; the market players may also be motivated to transact with their peers where cost savings can be achieved.

Negotiations of the terms of our sales to and purchases from the above suppliers and customers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional during the Track Record Period. Our Directors confirm that all of our sales to and purchases from these counterparties had been made on normal commercial terms, on an arm's length basis and in the ordinary course of business of our Group during the Track Record Period.

OUR STRATEGIES IN IMPROVING OUR COMPETITIVENESS AND PROFITABILITY

Our Group's gross profit margin decreased from 24.3% in FY18/19 to 20.5% in FY19/20, and further declined to 17.4% for FY20/21 and from 18.6% to 15.0% for 8M20/21 to 8M21/22 respectively. Such decrease was principally attributable to our strategy to proactively increase our market share and to expand our prominence in the market on a continuous basis by widening our product portfolio during the Track Record Period to satisfy higher demand for our products, such as the introduction of certain mobile phones, mobile accessories, tablets and mini personal computers procured from a leading multinational technology company with headquarters based in the U.S. since FY19/20, the video games and gaming accessories procured from a Japanese multinational consumer electronics and video game company since FY20/21, and the increased sales of certain major appliances of major brands mainly procured from Japanese multinational conglomerate corporations since FY19/20, the profit margins of all of which were relatively low. While it is our mission to become a household name well-recognised for offering a wide range of quality products at affordable prices in line with our motto "you name it, we've got it (就係友和, 乜都有嗰!)", it is our strategy to continue to further broaden our product offerings to meet the market demands notwithstanding that some of these newly-introduced products, especially for those popular products of major brands, may have relatively lower profit margins. As the gross profit margin of each product is affected by, among others, market competition, consumers' preference, our relationship with the relevant supplier and availability of inventory, any change in the product mix of our Group may result in fluctuation in our Group's overall gross profit margin and may thereby affect our profitability. During 8M21/22, the range of promotions and discounts launched and offered by the new market participants have brought to our Group a certain degree of pricing pressure, and called for flexible pricing adjustments by our Group in order to stay competitive and continue our Group's proactive market share acquisition strategy. Accordingly, our Group had intensified our effort in proactive acquisition of market share by taking a more aggressive position in our pursuit of competitive pricing and launches of promotional campaigns during 8M21/22, in addition to our continuing expansion of product portfolio.

Despite the decrease in our overall gross profit margin during the Track Record Period, we believe that we are in a good position to maintain our competitiveness in the industry and to improve our profitability going forward for the following reasons:

(1) ***We offer quality products that are actively sought-after by the market.*** Notwithstanding the decrease in our gross profit margin during the Track Record Period, our Group had recorded continuous and robust growth in the overall revenue and gross profit of our Group have recorded continuous and robust growth during the three years ended 31 March 2021 at the CAGR of approximately 96.5% and 66.4%, respectively. On the other hand, the year-to-year inventories turnover days of our Group decreased from 44 days in FY18/19 to 42 days in FY20/21. This demonstrates our Group's efficiency in the inventory management on the one hand, and our Group's ability to procure and offer products with relatively higher demand from our customers on the other hand.

It is our strategy to continue to satisfy our customers' demands for our products by further diversifying the breadth (in terms of SKUs) of our product offerings to satisfy different customers' needs, and the depth (in terms of the inventory level of each SKU) so as to maintain a stable supply of our Group's products (especially for popular products) for meeting our customers' demands. In relation to the breadth of our product offerings, the number of brands of products we had sold had increased from 753 for FY18/19 to 1,023 for FY19/20 and 1,309 for FY20/21, and from 1,137 for 8M20/21 to 1,284 for 8M21/22, and the number of SKUs we had sold had increased from approximately 8,700 for FY18/19 to 11,800 for FY19/20 and 16,700 for FY20/21, and from 13,100 for 8M20/21 to 16,900 for 8M21/22. In relation to the depth of our product offerings, we maintained inventories with a carrying amount of approximately HK$15.8 million, HK$32.3 million, HK$66.9 million and HK$68.8 million as at 31 March 2019, 31 March 2020, 31 March 2021 and 30 November 2021 respectively. Going forward, we shall adhere to this strategy to maintain our competitiveness as a retailer and strengthen our sourcing ability by expanding our procurement team. Please refer to "Business Strategies — Capturing a larger market share through organic growth" in this section.

(2) ***Our ability to procure new, trendy and quality products to Hong Kong consumers on favourable distribution terms.*** We have been in continuous search of popular brands in overseas markets that offer products in line with the preference of Hong Kong consumers but have yet to gain a foothold in the Hong Kong market. Our proven track record in introducing new, trendy and quality products from overseas markets to Hong Kong consumers, such as the products of Iris Ohyama and CosBeauty, in the past, our well-established and leading e-commerce platform sales channel (in terms of website traffic, online retail sales and number of active users) and our dedication to multifaceted marketing and promotion strategy to increase the exposure and recognition of not only our own brand but also the brands of the products of our suppliers, offer our suppliers with quick access to the Hong Kong market, and have been keys to establishing and strengthening our relationships with these suppliers. Over the years, we had been able to establish sound business relationships with a network of over 590 suppliers during the Track Record Period, with direct access to certain top-tier brands and distribution rights in Hong Kong in respect of certain products.

In respect of brands that are being introduced into the Hong Kong market and less familiar to local consumers, we have provided advertising services (such as display of banner advertisements) on the Yoho E-commerce Platform and/or at our retail stores to help build up their brand awareness. Such services have been offered at no extra costs to the relevant product suppliers, as the provision of such services primarily requires the use of our existing facilities only where the costs to our Group are minimal. Such value-adding marketing and distribution functions that we performed for our suppliers do not only enable us to diversify our product offering (with over 23,000 SKUs as at the Latest Practicable Date), but also tighten the strategical relationship between some of these suppliers with us and strengthen our bargaining power in negotiating for more favourable terms in relation to the procurement of products from them, such as the product costs and the exclusive distribution rights for their products. During the Track Record Period, we had successfully entered into exclusive distribution agreements with, or granted certificates of authorisation by, 5, 9, 15 and 14 suppliers, respectively, pursuant to which we were granted the exclusive rights to sell and distribute 6, 11, 16 and 15 brands of products in the territories specified in the exclusive distribution agreements or certificates of authorisation, respectively. The gross profit margin of the products which were sold by us on an exclusive distribution basis was relatively higher, with approximately 41.5%, 42.5%, 43.1% and 38.8% during the Track Record Period, respectively, as compared with that for non-exclusive products of approximately 19.3%, 15.8%, 12.7% and 12.4%, respectively.

As our Group has been able to achieve a continual growth in the number of suppliers and brands of products with exclusive distribution rights, and the revenue and the gross profit margins attributable to these products throughout the Track Record Period, taken into account our strategies in expanding our procurement team to strengthen our sourcing and marketing capabilities as referred to "Business Strategies — Capturing a larger market share through organic growth" and "Business Strategies — Further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities" in this section, our Directors are confident that our Group will be able to enhance our profitability by securing our supply on more favourable terms.

(3) ***Our diversification of product offerings and income streams via the launch of online marketplace operations.*** As part of our business strategies, it is our plan to launch our online marketplace operations in FY22/23, where third-party merchants may sell their products to consumers through our platform and we will earn commission income. Apart from being an additional income stream of our Group, it is expected that the products to be offered by these third-party merchants will also complement our existing product portfolio, enrich the product offerings on our e-commerce platform and thereby bolster and facilitate the growth of our existing direct sales e-commerce operations and the Yoho OMO Business as a whole by generating further website traffic. Please refer to "Business — Business Strategies — Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations" in this prospectus.

(4) ***Our effective multifaceted marketing and promotion strategy.*** As discussed in "Competitive Strengths — We adopt a multifaceted marketing and promotion strategy based on our insight into the local market" in this section, we have carried out multifaceted online and offline marketing and promotional activities in promoting both our brands and the brands of the products sold by us, and we believe that our well-executed marketing and promotion strategy had played an important part in promoting our reputation and brand awareness and bringing about the rapid growth in our customer base during the Track Record Period. Our continual dedication to our investment in brand management and marketing, as mentioned in "Business Strategies — Further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities" in this section, is expected to enhance our competitiveness by improving our market penetration and recognition, enlarging our customer base and promoting our business development in a long run.

(5) ***We are in a more favourable position during market consolidation.*** As advised by F&S, the Consumer and Electronics and Home Appliances e-commerce market is fairly fragmented with top 5 industry players accounting for 16.6% of the total market share in FY20/21. As a market trend, with the gradual expansion of the e-commerce industry in Hong Kong, large-scale market participants are expected to capture a larger market share due to their capabilities to provide integrated one-stop services, established relationship with suppliers and developed customer loyalty and reputation, whereas small-scale companies may be driven out of the market due to their limited technological and operational capability and low bargaining power. Consumers in this industry often prefer and refer to large-scale and notable market participants. It is expected that the industry will be more consolidated in the next several years, and the above factors favour market consolidation for large-scale companies.

While there has been increasing consumer preference towards online shopping, major players in Consumer Electronics and Home Appliances sector (other than our Group) have only established their e-commerce platform since FY16/17. The Yoho E-commerce Platform, on the other hand, was launched in 2013, and our Group ranked first in terms of market share of online retail sales of Consumer Electronics and Home Appliances for FY20/21 in Hong Kong. Our Group is also one of the first businesses adopting OMO model in the Consumer Electronics and Home Appliances sector, which fostered one-stop shopping experience for consumers, contributed to an increased customer confidence and loyalty in purchasing electrical appliances with sophisticated specifications.

Our Group, being a leading market player in the industry and having the brand recognition specialising in offering a wide range of quality Consumer Electronics and Home Appliances products at competitive prices, the established supplier relationship, customer base and e-commence platform with proven website traffic and GMV, and our solid operational experience in the OMO business model which offers consumers with a complete and seamless shopping experience, is in a better position to strengthen our market position and capture the increasing market demand through market consolidation. Please refer to "Business Strategies — Acquiring companies in e-commerce-related industries" in this section for further details about our strategy to expand our business through acquisitions.

Improvements in revenue and operating data during 8M21/22 as compared with 8M20/21

With the aforementioned strategies in place, our revenue increased by approximately HK$207.7 million from approximately HK$289.0 million for 8M20/21 to approximately HK$496.7 million for 8M21/22, representing an increase of approximately 71.9%, which is primarily due to the increase in active and repeat customers, completed orders and basket value per order. Our gross profit also increased by approximately HK$20.9 million from approximately HK$53.9 million for 8M20/21 to approximately HK$74.8 million for 8M21/22, representing an increase of approximately 38.8%. Subject to any unforeseen change in future and having considered the market position of our Group in this industry and our competitiveness as mentioned above, the Sole Sponsor and our Directors are of the view that our Group has the capability to keep the profitability going forward.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Our Group's Governance regarding ESG

We are committed to environmental protection and promoting corporate social responsibility and best corporate governance practices to create sustainable value for our stakeholders and take up responsibilities as a corporate citizen. We seek to uphold the highest standard of corporate governance as a means to ensure our sustainable growth and safeguard the interests of all of our stakeholders, including but without limitation, our shareholders, employees, suppliers, customers, other business partners and the community at large.

As a practitioner of the E-commerce industry and given the non-manufacturing nature of our business, we believe that our operations are not the major sources of environmental pollution as they do not involve any significant direct air emissions, wastewater emissions, noise emissions and waste generations. Hence, we are not aware of any relevant environmental laws and regulations in respect of air and greenhouse gas emissions, discharge into water and land, and generations of hazardous and non-hazardous waste that would cause a significant impact. Our Directors expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future. Our Directors further confirm that our Group had not been involved in any material non-compliance issues in respect of any applicable laws and regulations on environmental protection during the Track Record Period and up to the Latest Practicable Date.

Despite the negligible environmental impact directly caused by us, we fully recognise our social responsibilities in managing the environmental impacts associated with our operations and the importance of risk avoidance in minimising potential impact that might affect the implementation of our business plan and strategy and financial performance.

Our Directors have overall responsibility for our ESG strategy and reporting, ensuring that our ESG policies are duly implemented and have continuous updates for full compliance with the latest standards. In particular, our Audit Committee is responsible for overseeing and guiding our Company's ESG initiatives, identification, assessment and management of our ESG-related risks, such as climate-related issues, as well as ensuring that appropriate and effective ESG risk management and internal control policies are in place.

In addition, our Board of Directors has adopted a comprehensive policy on ESG governance responsibilities (the "**ESG Policy**") in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations, including (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG governance structure; (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) the identification of key performance indicators, the relevant measurements and mitigating measures.

Impact of ESG and climate-related risks and opportunities

We have identified the following ESG and climate-related risks and opportunities which may have an impact on the business, strategy and financial performance of our Group:

(i) typhoons, storms, flooding and other severe weather conditions may become more frequent, which may cause physical damage to our retail stores, warehouses and office, pose risks to the safety of our staff, and affect the stability of supply of products by our suppliers, and our logistics, such as our delivery to our customers;

(ii) as the public gains greater awareness on energy saving, consumers may shift their preferences to a more sustainable lifestyle. Such transitional risk may require us to identify and source more energy efficient products in order to satisfy the changing needs of our customers; and

(iii) due to climate change and climate-related issues, regulators may also require increasing disclosure relating to the energy consumption level for certain electronic products being supplied in the Hong Kong market, such as the Mandatory Energy Efficiency Labelling Scheme currently imposed by the government of Hong Kong. Any changes to these disclosure requirements may potentially lead to an increased operational cost for our Group to comply with the relevant rules and guidelines.

Our board of Directors closely follows and monitors the latest requirements regarding ESG disclosure and regulatory compliance in order to identify, assess, manage and mitigate ESG risks timely. Set forth below are highlights of the ESG initiatives that have been undertaken by us:

ENVIRONMENTAL

We adhere to the "3R" approach to environmental conservation, i.e. reduction of waste, reuse of resources and recycling of used materials, to the largest practicable extent in our business operation as a show of care for the environment, in the hope that we can play a part in securing sustainable development.

Waste and Resource Management

We employ proper waste and resources management policies across our operations, and by extension, on how we communicate with our suppliers. In particular:

- We have taken initiatives in accelerating more sustainability components of packaging, in light of our continuous business expansion which may inevitably result in the increase in the consumption of paper boxes for order delivery. Accordingly, we aim to use environmentally-friendly packaging materials for parcels, such as paper boxes without logos, which will then be recyclable. We have, to our best effort, replaced some of our packaging paper boxes with recycled paper boxes when making delivery to our customers. After carefully assessing the condition of the paper boxes containing merchandise shipped from our suppliers, those found to be in good condition will be reused to pack our products for delivery to our customers.

- We have made efforts to minimise the use of plastic bags by only offering paper bags, which are recyclable, to our customers at our retail stores.

- We have rolled out our own shopping bag, "'I Used To Be Plastic Bottle' RPET Shopping Bag", which is made of recycled polyethylene tetraphyte (PET) extracted from used plastic bottles. It serves as a more environmentally-friendly option for our customers as compared with, for example, plastic shopping bags that are non-biodegradable and nylon shopping bags which are made from fossil fuels.

- We have adopted digital price-tags in our offline retail stores which refresh themselves automatically to ensure synchronisation of pricing information on the Yoho E-commerce Platform and at our retail stores. The adoption of digital price-tags significantly cuts down the use of paper price-tags.

- To reduce paper use, we have introduced e-invoices for offline retail sales unless our customers make specific requests for physical copies.

- To foster a culture of reuse and recycling, we advocate the use of refurbished units and offer certain refurbished items for sale, such as smartphones, vacuum cleaners and desktop computers. We generally provide our employees with refurbished computers for business purpose unless specifically requested otherwise.

Energy Management

We are conscious of our carbon footprint and the use of natural resources across our operations. We fully recognise the importance of energy conservation and climate change mitigation, and through our commitment to improving our energy efficiency, the intensity of energy consumption has decreased from 775 kWh/million GMV in FY18/19 to 483 kWh/million GMV in FY20/21.

Office

We are committed to improving our properties' energy consumption and efficiency. Our employees reduce energy intensity through regular energy tracking, facility replacement and upgrade, awareness promotion and internal benchmarking.

Offline retail stores

Our retail stores with long operating hours contribute significantly to our energy consumption. We track and manage our energy use in our offline stores, and seek to minimise the use of air conditioning and lighting in the premises.

Warehouse

We have been paving the way for sustainable logistics and have worked together with our third-party service providers to identify key action areas to improve our energy efficiency so as to reduce our carbon and air emissions.

Our use of energy

	FY18/19	**FY19/20**	**FY20/21**	**8M21/22**
Purchased electricity (in kWh)	91,429	132,972	244,611	398,473
GMV(HK$'000)	117,924	229,928	506,145	483,071
Intensity of energy consumption (in kWh/$ million GMV)	775	578	483	825

SOCIAL

We have established our policy on community engagement to understand the needs of the local community and to ensure our activities take into consideration the community's interests. Our focus areas of contribution include, among others, education, culture and health. In particular:

Community engagement and investment

- We have provided donation and/or sponsorship to several non-governmental organisations such as Orbis, the Hong Kong Children Foundation and the Society for Abandoned Animals.

- We have been a loyal supporter of the "Make-A-Wish Come True" programme launched by the Hong Kong Christian Service, whose intended beneficiaries include, among others, low-income or single-parent families, the elderly, children with special needs, disabled persons and ethnic minorities.

- In 2018 and 2019, we participated in "Orbis Darkness to Go" and offered certain products for charity sales, where a percentage of the proceeds were donated to Orbis to help the blind population.

- In March 2021, we organised a fundraising campaign with a view to providing relief to the underprivileged amid the difficult times brought about by the COVID-19 pandemic. Our flash sales featured the sale of Donation eVouchers, and part of the proceeds had been donated to the Hong Kong Christian Service to fund the provision of necessities for the grassroots.

- In February 2022, we were awarded the Caring Company Logo 2021/22 by The Hong Kong Council of Social Service.

Nurturing future generations

- We have provided sponsorship to the Hong Kong Federation of Business Students in supporting their events organised for local business students.

- In October 2020, Ms. Tsui, the co-founder of the Yoho OMO Business, one of our controlling shareholders, our Executive Director and Chief Operating Officer, acted as a guest speaker for the Business School of the University of Hong Kong.

- Ms. Tsui has also been one of the mentors for the Business School of the University of Hong Kong mentorship programme which aims to provide students with opportunities to enhance their skills and knowledge essential for their future career development.

- We participated in a school-based project organised by the Business School of the University of Hong Kong for their students. In such project, students worked as a team to tackle hypothetical business challenges which may be faced by us using actual data.

- We co-operated with local educational institutions, such as the Chinese University of Hong Kong and Hong Kong International School, in offering management trainees and internship programmes for students in Hong Kong.

Support to local start-ups and homegrown brands

- We actively work with local start-ups and innovate on the basis of our shared values and beliefs. This is in line with the culture of collaboration and encouragement of entrepreneurship rooted in our business operation. For example, we are keen to enlist the services of Hong Kong-based logistics companies and courier services providers. We join forces with local start-ups to carrying our common visions into fruition, as a means to facilitate the advancement of the local start-up ecosystem.

- We are disposed to support the growth of homegrown brands, and minded to provide local enterprises with the benefits of our well-established sales channels through which they could effectively introduce their products to consumers. A selection of quality products offered by Hong Kong brands, are available on the Yoho E-commerce Platform and at our retail stores.

GOVERNANCE

We review our corporate governance policy and its execution from time to time to ensure our service levels are in line with applicable laws and our internal standards and will refine our practices when areas for improvement are identified. We have successfully built a foundation of corporate governance consisting of a robust framework of controls, policies and programmes, which in turn creates favourable working conditions to our employees and maintains our business integrity.

Anti-corruption

As a socially responsible company, we employ a zero tolerance approach towards bribery, extortion, fraud, money laundering and any other form of corruption as a means to uphold business ethics, in order to minimise the business risks that our stakeholders may be exposed to and avoid any detrimental effect that may be posed on society. There exists effective measures throughout our Group including risk management and internal control policies to prevent any form of corruption. Such measures also provide our employees with clear guidance and training in dealing with receiving gifts and donation, conflict of interests, etc. For example, all our employees are to observe a self-declaration guideline upon receiving any gifts or sample products. Furthermore, various training sessions are conducted regularly within our Group to strengthen our staff's adherence to the policies and practices in relation to anti-corruption.

Supply Chain Management

We work with more than 590 global and local suppliers during the Track Record Period who offer a wide range of products to us. We strive to minimise the negative impact brought about by any potential disruption along our supply chain. We have implemented effective corporate governance measures such as the screening of, obtaining product safety certifications from, and verification checks on our suppliers.

Employees

Our employees have always been the indispensable assets of our Group. We have invested years in promoting a people-centric workspace in which our employees feel cared for and valued at work.

Our Administration and Finance Team is responsible for recruiting high-calibre talents and managing matters related to compensation, benefits, performance review, career development and employee retention. To attract, retain and motivate best-in-class employees, we strive to provide competitive compensation packages to our employees. The Company monitors the internal fairness of compensation within the organization and external fairness within the labour market of related industries to provide our employees the best possible compensation programme.

Adhering to the principles of equal opportunities and performance-based rewards, employment and promotion decisions at our Group will be based on experience, qualifications, and abilities. Except where required or permitted by law, employment practices will not be influenced or affected by an applicant's or employee's race, colour, sex, age, disability, family status or any other characteristics protected by law. As a result of our equal opportunities policy, we have attracted employees from all walks of life, from teenagers who have just finished education to seasoned managers and professionals.

In addition to competitive compensation packages, our Group also offers other benefits to our employees to remain competitive in the market. We adopted employee-friendly leave arrangements such as annual leave, marriage leave, maternity leave, paternity leave, sick leave and compassionate leave. We also offer our employees flexible working hours and shopping discounts.

Whistleblowing Policy

We require all our employees to maintain proper standards of business conduct and to comply with all applicable laws and regulations. To support such, we have established procedures for reporting matters of serious concern that may affect our operation and reputation, encouraging our employees to report their concerns at the earliest practical stage, so that our Group can take appropriate and timely actions.

Upon the receipt of a report, our senior management will review the matter to assess what action should be taken. This may involve an internal inquiry or a more formal investigation. The management will inform the employee of whether they need further assistance from the employee. Our Group will make every effort to keep the whistleblower's identity confidential unless it becomes necessary to disclose the whistleblower's identity for instance if such a report leads to a criminal investigation.

Training and safety in workplace

We put strong emphasis on work safety. We are committed to meeting all health and safety statutory requirements and to exceeding them wherever it is reasonably practicable. Our warehouse employees are required to attend safety training upon commencement of their respective employment.

We have also established a business continuity plan to prepare the business operations in the event of extended service outages caused by factors beyond our control (e.g., extreme weather conditions, man-made events, etc.). All Company sites are expected to implement preventive measures whenever possible to minimize the risks of injury and fatality of employees and operational disruptions. Operations are expected to recover as rapidly as possible when the safety of employees is ensured. Evacuation procedures are also established and our assigned personnel will assist in the evacuation and hold a roll call at his assembly point in case of fire hazard.

We have adopted a total ban on smoking in all of our facilities. Smoking is strictly prohibited in all enclosed areas in the offices, including private offices, conference/meeting rooms, warehouse, common areas, pantries, washrooms and reception areas.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any significant incidents or accidents in relation to workers' safety. Furthermore, our Directors confirm that we had not been subject to any material claim, whether for personal or property damage, or penalty in relation to health, work safety, social and environmental protection and had not been involved in any accident or fatality and had been in compliance with the applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

Preventive measures during the COVID-19 pandemic

We carefully and continuously assess and monitor the evolving COVID-19 situation with stringent anti-epidemic measures, which have resulted in no reporting of confirmed case of COVID-19 in our workplace during the Track Record Period.

Hygiene guidelines are issued for every employee to follow to ensure that basic hygienic standards are met in the workplace. We have also established guidelines and contingency plans to respond to the potential risks of discovery of confirmed COVID-19 cases among our employees. Once a member of our Group is confirmed positive with COVID-19 infection, our response team will immediately activate procedures including reporting to our management and the authority, identification of close contact personnel, arrangement of virus testing and isolation for employees of high infection risk, disinfection cleaning by professionals, etc.

We have also provided virus protection kits (including surgical masks and alcohol gel) for our employees to minimise infection risks during the COVID-19 pandemic.

In accordance with the Environmental, Social and Governance Reporting Guide set forth in Appendix 27 to the Listing Rules, we will continue to put in place mechanisms that will effectively enable us to continue to adopt recognised best practices and fulfil our corporate responsibility in respect of environmental, social and governance matters following the Listing.

INSURANCE

We maintain insurance policies which cover, among others, (i) statutory employees' compensation for all full-time and part-time employees; (ii) office and warehouse insurance for, inter alia, property damage, damage or loss of inventories, loss of money, personal accident and public liability; and (iii) Directors and officers liability.

Our Directors consider that our insurance coverage is adequate and consistent with industry norm. Our Directors confirm that we did not make and were not subject to any insurance claims that would have had a material adverse impact on our business, financial condition or results of operation during the Track Record Period and up to the Latest Practicable Date. For details of the risk relating to our Group's insurance coverage, please see "Risk Factors — We may not have adequate insurance coverage to cover our potential losses and claims in connection with our business" in this prospectus.

INTELLECTUAL PROPERTIES

Trademarks

We currently operate our business, the Yoho E-commerce Platform and our retail stores under our brand name "Yoho" and "友和". In relation to the trademarks material to our business that we have registered or applied for registration, please see "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Material intellectual property rights" in this prospectus for further details.

Domain Names

As at the Latest Practicable Date, our Group had also registered the domain name **yohohongkong.com** which is material in relation to our Group's e-commerce business. For details of other registered domain names of our Group, please see "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Material intellectual property rights" in this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringement of intellectual property rights owned by us, and our Directors confirm that there were no material disputes or litigation regarding the intellectual property rights owned by us during the Track Record Period and up to the Latest Practicable Date.

Our Directors also confirm that no material claim or litigation proceedings which would affect the business of our Group had been instituted against us in respect of any alleged infringement of intellectual property rights of any third party during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, there had not been any material claim pending or threatened against us, nor had there been any material claim made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

EMPLOYEES

Our Employees

As at the Latest Practicable Date, we had a total of 93 employees, all of whom were stationed in Hong Kong.

Set forth below is an analysis of our employees by function as at the Latest Practicable Date:

Function	Total
Management	3
Administration and Finance	11
Sales	25
Procurement	11
Marketing	8
Customer Service	12
Warehousing and Logistics	12
IT	11
Total	93

Remuneration and Incentive

During the Track Record Period, we entered into individual employment agreements with our employees in accordance with the relevant laws and regulations. Our employment agreements specify terms including, among others, employee duties, remuneration, bonuses, confidentiality obligations relating to trade secrets, non-competition terms and grounds for termination. The remuneration package of our employees mainly includes salaries, discretionary bonuses and paid leave. Generally, our employees are entitled to monthly attendance bonuses and monthly incentives upon achievement of certain preset key-performance indicators.

We conduct periodic reviews of the performance of our employees and make reference to such performance reviews for assessing discretionary annual bonuses and salary adjustments.

We provide a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. Contributions are made based on a percentage of the employee's basic salary.

Training

To continuously improve the performance of our employees, we provide training to newly recruited employees for them to understand our Group's operation and working environment.

We also provide in-house training to our employees on an on-going basis whenever necessary, through which they can gain knowledge of our business operation and master professional skills.

Recruitment

We generally recruit our employees from the open job markets through advertising on the Yoho E-commerce Platform and online job portals.

We have no labour union established for our employees. Our Directors confirm that we had not experienced any material dispute with our employees or disruption to our operation due to labour disputes and we had not experienced any material difficulty in the recruitment and retention of employees during the Track Record Period and up to the Latest Practicable Date.

Equal Opportunities, Diversity and Anti-Discrimination

We are committed to providing fair, equitable and reasonable job opportunities for our staff. Decisions in respect of engagement, remuneration, welfare, promotion and dismissal of our staff are made solely based on their competence at work. It is our policy that all employees shall be treated equally, irrespective of their individual age, gender, race, blood, skin colour, nationality, political status, creed, marital status, maternity status, sexual orientation, disability or any other factor irrelevant to their work performance or competence.

PROPERTIES

As at the Latest Practicable Date, our Group did not own any property. Our Group was entitled to use a total of five properties with a total GFA of approximately 45,626 sq. ft. in Hong Kong that were material to our business as at the Latest Practicable Date.

Set forth below are further details of the properties which were leased by us or which we had been granted the licence and/or permission to use and/or occupy, and which were material to our business as at the Latest Practicable Date:

No.	Location	GFA *(approximate sq. ft.)*	Intended usage	Term
1.	Unit A on the 9th Floor of 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong	5,710	Headquarters, principal office and repair centre	6 January 2021 to 5 January 2024
2.	Unit B on the 9th Floor of 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong	4,778	Repair centre and ancillary office	1 June 2021 to 5 January 2024

No.	Location	GFA *(approximate sq. ft.)*	Intended usage	Term
3.	13/F, Wilson Logistics Centre, Nos. 24-28 Kung Yip Street, Kwai Chung, New Territories, Hong Kong	19,624	Warehouse	16 September 2021 to 15 September 2022
4.	1-2/F Commercial Block 2, Lai Kok Estate, 12 Tonkin Street, Sham Shui Po, Kowloon, Hong Kong	6,596	Retail store (Cheung Sha Wan Flagship Store)	1 January 2020 to 30 September 2022
5.	Shop A and B on 2/F Eastcore, Nos. 398-402 Kwun Tong Road, Kowloon, Hong Kong	8,918	Retail store (Kwun Tong Store)	16 April 2021 to 15 April 2024

COMPLIANCE

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident of material importance involving our Group.

LITIGATION

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to our Directors to be pending or threatened against any member of our Group.

LICENCES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, our business operation primarily took place in Hong Kong. Sets forth below are details of the licence obtained by our Group that was material to our operation and business as at the Latest Practicable Date:

Licence or registration	Issuing body	Expiry date
Radio Dealer Licence (Unrestricted)	Communications Authority (Hong Kong)	31 March 2023

Our Directors confirm that we have obtained all necessary licences, permits and/or approvals for conducting our business in Hong Kong and other relevant jurisdictions.

During the Track Record Period and up to the Latest Practicable Date, we were in compliance with, in all material respects, all applicable laws and regulations in the jurisdictions where we conducted our business.

For details of the laws and regulations of Hong Kong and the PRC which are applicable to our Group's business operation, please see "Regulatory Overview" in this prospectus.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Our Directors are responsible for formulating, supervising and overseeing the implementation and effectiveness of our risk management and internal control systems. We have formulated internal control measures and procedures in, various aspects, including risks relating to data privacy, information system, human resources, suppliers selection and internal controls in order to provide reasonable assurance for our operation, reporting and compliance.

Cybersecurity Risk Management

Data Privacy Risk Management

As an e-commerce platform operator transacting extensively with our customers online on a daily basis, we are exposed to cybersecurity risks in our operations. Personal information, such as name, contact number, emails billing and delivery addresses are obtained from our customers when they purchase our products via the Yoho E-commerce Platform or join our membership scheme. Sufficient maintenance, storage and protection of the data of our customers and other related information are critical to our business and we have adopted comprehensive policies for the collection, processing and usage of the relevant data. In the privacy notice as set out on our Yoho E-commerce Platform, which our customers are suggested to read when they enroll as registered members, we have set forth the scope of our data collection and usage practices. We collect personal information and data from our customers only with their prior consent, and through the privacy notice, we have provided our customers with adequate notice as to the data being collected and we also undertake to manage and use the data collected in accordance with the terms set out in the privacy notice. In addition, we have formulated internal control procedures for personal data protection. Personal information is maintained in our enterprise management systems, and only a limited number of our employees are authorised with different levels of rights of access to the system allowing them to access a designated scope of personal data of our customers commensurate with their respective duties on a need-to-know basis. We have also established personal data protection practices with internal instructions setting out specific procedures regarding the handling of personal data for our employees to adhere to, such as document shredding, data encryption, frequent backups and access authorisation. We also provide trainings on data protection for our employees from time to time. Our Directors believe that we have applied adequate measures to safeguard the privacy of our customers' personal information.

Information System Risk Management

As our in-house information system plays a significant role in our business operation, in order to prevent data leakage and hacking activities, internal control procedures are formulated for data protection, system maintenance and data management. In order to prevent unauthorised access made by hackers or malicious attacks on our in-house information system, we have formulated internal instructions on the usage of computers and our information systems. For instance, no external software should be installed on computers without approval from the management, passwords of all operating information systems of our Group must be changed at least every six months, and only a limited number of employees are allowed access to the main computer storing sensitive information. Firewalls are also utilised to protect against potential unauthorised access and any hacking activities. Moreover, trainings on the importance of cybersecurity are also provided to our employees from time to time. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or hacking activities.

Human Resources Risk Management

We provide internal trainings to our new and existing employees to familiarise themselves with our operation and development.

Supplier Selection and Supply Chain Risk Management

We maintain a pre-approved list of suppliers which is reviewed and updated by our procurement team, administration supervisor, and financial controller from time to time. Our chief executive officer also reviews the pre-approved list of suppliers semi-annually. Pre-approved suppliers are input into and registered in our enterprise management system and only purchase orders for the pre-approved suppliers can be placed and created in our enterprise management system.

As we procure our products from domestics and overseas suppliers, any material delay in shipment by our suppliers may render us unable to meet the expected delivery schedule we have provided with our customers. To minimise chances of delay in our delivery, members of our procurement team prepare sales forecast monthly with reference to various factors, including our inventory level, past sales records and expected customer demands, in order to maintain an optimal level of inventory and stock availability to meet the needs of our customers. We have also formulated internal policies on the handling of the delays in shipment by our suppliers, for instance, a list comprising orders from our customers with their respective expected delivery dates coming due and/or have already expired will be generated daily for members of our procurement team to follow up, members of our procurement team will then proactively contact our suppliers for alternative measures, for example, to explore with our suppliers the possibilities to deliver us the required products by batches whenever there are available stock, to arrange for the despatch of the required products from different locations, or reach out to other suppliers for the SKUs ordered by our customers. We may also counter-propose to and negotiate with our customers in accepting substitute products, for instance, products of the same model but with different colour, which are immediately available.

Logistics Risk Management

We engaged independent courier service providers to deliver our products from our self-operated warehouse to our customers, service charges of these service providers are generally borne by us (except for orders which fall below the prescribed value and are not qualify for free delivery). To manage our logistics and storage costs which are affected by the service charges of our courier services providers, we have been proactively sourcing new courier service providers and entering into negotiations with them for better terms and conditions in respect of their service provided.

Internal Control Risk Management

In preparation for the Listing, our Group engaged an independent internal control adviser ("**IC Consultant**") to review the overall adequacy of our risk management and internal control systems associated with the major business processes of our Group and the other relevant procedures, systems and controls (including accounting and management systems) we have established.

According to the IC Consultants' internal control report, it did not identify any deficiency in our risk management and internal control systems in its initial and follow-up reviews that would have had a material adverse impact on our business, financial condition or results of operation.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish internal control systems and procedures to manage the risks to which we are exposed and enhance the control environment at both the daily operation and management levels. Accordingly, our Directors are of the view, and the Sole Sponsor concurs, that the internal control systems currently implemented by our Group are adequate and effective as far as our operation is concerned.

We will carry out periodic reviews at both the management and the Board levels to ensure effective implementation of our risk management and internal control policies, procedures and measures and timely rectification of the issues identified.

CORPORATE GOVERNANCE MEASURES

We have adopted corporate governance and internal control measures in various aspects of our business operation, including but not limited to:

(i) all of our Directors and senior management have attended training conducted by our Hong Kong legal advisers on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under certain applicable laws and regulations, including the Listing Rules prior to the Listing;

(ii) we will engage appropriate external legal advisers and/or institutions and/or consultants to advise, update the knowledge of and/or provide trainings to our Directors, senior management and/or relevant employees on the relevant laws and regulations, including changes thereto, which may affect our business operation;

(iii) when necessary, we will engage external professionals, such as auditors, internal control adviser, external legal advisor(s) and other advisors to render professional advice as to compliance with statutory and regulatory requirements, as applicable to our Group from time to time;

(iv) we have appointed CMBC International Capital Limited as our compliance adviser in compliance with the applicable Listing Rules;

(v) we have appointed three independent non-executive Directors to ensure the effective exercise of independent judgment in our Board's decision-making process and provide independent advice to our Board and our Shareholders; and

(vi) our Audit Committee, comprising three Directors, will continuously provide our Directors with an independent review of the effectiveness of the financial reporting process and internal control and risk management systems of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Directors.

OVERVIEW

The Board currently consists of eight Directors, comprising two Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. Our Executive Directors, Non-executive Directors and Independent Non-executive Directors will be subject to rotation and re-election at the annual general meetings of our Company in accordance with the Articles of Association.

The following table sets forth certain information of our Directors:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and Responsibilities in our Group	Relationship with other Directors or senior management
Mr. Wu Faat Chi (胡發枝)	36	Executive Director, Chairman and Chief Executive Officer	April 2021	August 2008	Formulates strategic development plans of our Group, oversees the design and development of our IT infrastructure and overall management of our Group	Spouse of Ms. Tsui
Ms. Tsui Ka Wing (徐嘉穎)	38	Executive Director and Chief Operating Officer	May 2021	January 2013	Designs and implements business strategies, oversees regulatory compliance and the daily operations of our Group	Spouse of Mr. Wu
Mr. Man Lap (文立)	48	Non-executive Director	May 2021	January 2019	Provides professional opinions and recommendations on the operations and management of our Group to the Board	Nil
Mr. Hsieh Wing Hong Sammy (薛永康)	49	Non-executive Director	June 2021	June 2021	Provides professional opinions and recommendations on the operations and management of our Group to the Board	Nil
Mr. Adamczyk Alexis Thomas David	48	Non-executive Director	June 2021	June 2021	Provides professional opinions and recommendations on the operations and management of our Group to the Board	Nil
Dr. Qian Sam Zhongshan (錢中山)	58	Independent Non-executive Director	May 2022	May 2022	Provides independent opinions and judgements on the operations and management of our Group to the Board	Nil
Mr. Chan Shun (陳純)	35	Independent Non-executive Director	May 2022	May 2022	Provides independent opinions and judgements on the operations and management of our Group to the Board	Nil
Mr. Ho Yun Tat (何潤達)	36	Independent Non-executive Director	May 2022	May 2022	Provides independent opinions and judgements on the operations and management of our Group to the Board	Nil

DIRECTORS

Executive Directors

Mr. Wu Faat Chi (胡發枝), aged 36, is the Chief Executive Officer of our Group. Mr. Wu and Ms. Tsui co-founded our Yoho OMO Business in 2013. He was appointed as a Director in April 2021, and was re-designated as an Executive Director and appointed as the Chairman of our Board in June 2021. He is responsible for formulating the strategic development plans of our Group, overseeing the design and development of our IT infrastructure, and overall management of our Group.

Mr. Wu has more than 14 years of experience in the Consumer Electronics and Home Appliances industry in Hong Kong and the PRC. Prior to commencing our Group's e-commerce business in 2013, he was involved in the trading and distribution of consumer electronics through offline channels in Hong Kong from 2008 to 2013. He was also engaged in the trading of consumer electronics in the PRC from 2011 to 2013.

Mr. Wu obtained a degree of Bachelor of Business Administration with a major in Economics and a minor in Humanities and China Studies from the Hong Kong University of Science and Technology in November 2008.

Mr. Wu is also one of the directors of our subsidiaries.

Ms. Tsui Ka Wing (徐嘉穎), aged 38, is the Chief Operating Officer of our Group. Ms. Tsui and Mr. Wu co-founded our Yoho OMO Business in 2013. She was appointed as a Director in May 2021 and was re-designated as an Executive Director in June 2021. She is responsible for designing and implementing business strategies, as well as overseeing regulatory compliance and the daily operations of our Group.

Ms. Tsui has over nine years of experience in the e-commerce industry in Hong Kong. After graduating from the University of Hong Kong, from October 2009 to August 2010, Ms. Tsui became an audit associate at Deloitte Touche Tohmatsu. Prior to joining our Group, in September 2012, she co-founded Usamimi International Limited, an O2O fashion e-commerce business.

Ms. Tsui received a degree of Bachelor of Economics and Finance from the University of Hong Kong in December 2009.

Ms. Tsui is also one of the directors of our subsidiaries.

Non-executive Directors

Mr. Man Lap (文立), aged 48, has been appointed as our Non-executive Director. He was appointed as a Director in May 2021, and was re-designated as a Non-executive Director in June 2021. As confirmed by Mr. Man, he is a Director nominated by Beyond Ventures Vehicle.

Mr. Man is a co-founder and managing partner of Beyond Ventures, a Hong Kong-based venture capital fund. He is primarily responsible for identifying potential start-ups and driving the investment decision. From December 2017 to August 2019, Mr. Man served as a managing partner of eGarden Ventures Management Limited (毅園投資管理有限公司), a venture capital company, where he was responsible for identifying potential start-ups and driving the investment decision. Mr. Man served as the head of business development at LinkAGE Online, a Hong Kong based Internet service provider, from June 1995 to August 1999, where he was responsible for developing new services for corporate clients. Mr. Man founded DYXnet Group (a wholly-owned subsidiary of 21Vianet Group, a carrier and cloud neutral Internet data center service provider listed on NASDAQ with stock code: VNET) in 1999 and he was the chief executive officer from September 1999 to September 2018. He was primarily responsible for developing strategic plans for DYXnet Group.

Mr. Man obtained a degree of Bachelor of Arts from the Chinese University of Hong Kong in December 1997.

Mr. Man is also one of the directors of our subsidiaries.

Mr. Hsieh Wing Hong Sammy (薛永康), aged 49, has been appointed as our Non-executive Director. He was appointed as a Non-executive Director in June 2021.

Mr. Hsieh has been a co-founder and a director of the board of iClick Interactive Asia Group Limited (an online marketing and enterprise data solution provider listed on NASDAQ with stock code: ICLK) since 2009, where he is responsible for providing strategic advice. Since 2021, Mr. Hsieh has also been an independent director of Magnum Opus Acquisition Limited (a special purpose acquisition company, which focuses on investing in companies in the consumer, technology or media sectors in Asia and listed on the New York Stock Exchange with stock code: OPA) and an independent director of Black Spade Acquisition Limited (a special purpose acquisition company, which focuses on investing in companies in the entertainment industry, enabling technology, lifestyle brands, products or services and entertainment media and listed on the New York Stock Exchange with stock code: BSAQ). From 2000 to 2008, he was a director of the search marketing team in Yahoo Hong Kong, where he was responsible for managing the overall business activities. Mr. Hsieh was a general manager in Efficient Frontier, a digital marketing company, where he was responsible for overseeing its business in the PRC.

Mr. Hsieh obtained a degree of Bachelor of Arts in Economics from the University of California, Los Angeles in the United States in September 1995.

Mr. Adamczyk Alexis Thomas David, aged 48, has been appointed as our Non-executive Director. He was appointed as a Non-executive Director in June 2021.

Mr. Adamczyk has been the head of corporate development and mergers and acquisitions of Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited (a company listed on the Stock Exchange with stock code: 0035) since August 2019, where he is responsible for overseeing corporate development and mergers and acquisitions. He served as a director of Deutsche Bank Group Services (UK) Limited from March 1997 to July 2005 in London and Hong Kong, where he was a member of the equity capital markets department. From July 2005 to March 2019, Mr. Adamczyk worked at The Hongkong and Shanghai Banking Corporation Limited in Hong Kong, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005), with his last position being a managing director and co-head of the equity capital markets department for Asia Pacific, where he was jointly responsible for overseeing the department.

Mr. Adamczyk obtained a degree of Bachelor in Business Administration from the Montreal University (HEC Montreal) in Canada in April 1997.

Independent non-executive Directors

Dr. Qian, Sam Zhongshan (錢中山), aged 58, is our Independent Non-executive Director and joined our Group in May 2022.

Dr. Qian has been the chief executive officer of Star Plus Development Limited since October 2020, where he is responsible for formulating overall business strategy and corporate finance strategy. From March 2000 to March 2004, he was a vice president in Sohu.com Limited, which was formerly known as Sohu.com Inc. (a company listed on the NASDAQ with stock code: SOHU), where he was responsible for overseeing the finance, real estate and automobile channels. From April 2004 to June 2006, he was the president and chief financial officer of China Finance Online Co., Ltd (a company listed on the NASDAQ with stock code: JRJC), where he was responsible for the overall management and financial affairs of the company. From June 2013 to October 2019, he was a responsible officer of ExaByte Capital Management (HK) Limited to carry on Type 9 (Asset Management) regulated activities under the SFO.

Dr. Qian obtained a degree of Doctor of Philosophy from Columbia University in the United States in February 1991 and a degree of bachelor in Physics from the University of Science and Technology of China in the PRC in July 1985.

Mr. Chan Shun (陳純), aged 35, is our Independent Non-executive Director and joined our Group in May 2022. Mr. Chan joined The Hongkong and Shanghai Banking Corporation Limited, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005) in September 2015 as a monitoring and testing manager in the regulatory compliance monitoring department. He was promoted as a senior monitoring and testing manager of the same department in August 2017. Since March 2020, he has been an associate director in the asset management regulatory compliance department, where he is responsible for providing compliance advices and guidance. From October 2009 to September 2013, Mr. Chan was an associate in the assurance department of PricewaterhouseCoopers with his last position as a senior associate. He then served as an assistant manager in the intermediaries supervision department of the SFC from September 2013 to September 2015, where he was responsible for supervising intermediaries' business conduct and compliance with relevant regulatory requirements.

Mr. Chan obtained a degree of Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2009. He was admitted for a juris doctor degree of the Chinese University of Hong Kong in August 2017 and received JD Scholarship for Excellence for the academic year of 2017/18, 2018/19 and 2019/20. He then obtained a juris doctor degree from the Chinese University of Hong Kong in November 2021.

Mr. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since January 2013. He has also been a charterholder of Chartered Financial Analyst since September 2014. He has been a holder of the European Federation of Financial Analysts Societies (EFFAS) Certified ESG Analyst since December 2021.

Mr. Ho Yun Tat (何潤達), aged 36, is our Independent Non-executive Director and joined our Group in May 2022. Mr. Ho has been a financial director of Klook Travel Technology Limited, a global travel activities and services booking platform, since April 2020, where he is responsible for managing and leading the financial reporting, financial planning and analysis functions of the company. From October 2009 to July 2015, Mr. Ho was an associate in the tax department of PricewaterhouseCoopers with his last position as a manager in the assurance department in the financial services practice. From September 2015 to January 2016, Mr. Ho worked as an associate in the internal audit division of Morgan Stanley Asia Limited in Hong Kong. From January 2016 to November 2019, Mr. Ho worked as a financial director in GOGO Tech Limited, a technology platform in provision of logistics solutions.

Mr. Ho obtained a degree of Bachelor of Business Administration in Professional Accounting from the Hong Kong University of Science and Technology in November 2009. Mr. Ho has been a member of Hong Kong Institute of Certified Public Accountants since March 2013.

DISCLOSURE REQUIRED UNDER RULE 13.51(2) OF THE LISTING RULES

Mr. Wu was a director of the following company which was incorporated in the PRC at the time of its dissolution:

Name of Company	Principal business activity before dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Shenzhen Youhe Internet Company Limited (深圳市友和網路有限公司)	Trading of electronic appliances and computer products	23 February 2018	Voluntary dissolution	Ceased to carry out business

As confirmed by Mr. Wu, Shenzhen Youhe Internet Company Limited was incorporated in the PRC on 21 November 2011 and had ceased its business since 2013. Mr. Wu has confirmed that there was no wrongful act on his part leading to the dissolution of such company, and he is not aware of any actual or potential claim which had been or will be made against him as a result of dissolution. Mr. Wu confirmed that the above company had been inactive and was solvent at the time of its dissolution.

Ms. Tsui was a director and shareholder of the following company which was incorporated in Hong Kong at the time of its dissolution:

Name of company	Principal business activity before dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Usamimi International Limited	Fashion E-commerce	9 September 2016	Dissolution by deregistration	Ceased to carry out business

Ms. Tsui has confirmed that there was no wrongful act on her part leading to the dissolution of such company, and she is not aware of any actual or potential claim which had been or will be made against her as a result of dissolution. Ms. Tsui confirmed that the above company had been inactive and was solvent at the time of its dissolution.

Mr. Man was a director of the following company at the time of its dissolution:

Name of company	Principal business activity before dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Speedlink Limited	Network service provider	11 November 2003	Creditors' voluntary winding up	Cessation of business

As confirmed by Mr. Man, (i) Speedlink Limited was incorporated in Hong Kong on 1 December 1999 with limited liability and was principally engaged in the provision of network service; (ii) Mr. Man had indirect minority interests in Speedlink Limited; (iii) Mr. Man's directorship was non-executive in nature and he had not assumed any day-to-day management responsibilities since the commencement of his team of directorship in Speedlink Limited; and (iv) due to the outbreak of severe acute respiratory syndrome (SARS), the business of Speedlink Limited was heavily affected and Speedlink Limited did not repay its debts. Therefore, the board of directors of Speedlink Limited decided to wind up by means of creditors' voluntary winding up. Mr. Man has confirmed that there was no wrongful act on his part leading to the dissolution of such company, and he is not aware of any actual or potential claim which had been or will be made against him as a result of its dissolution.

Mr. Hsieh was a director of the following companies at the time of their dissolutions:

Name of company	Principal business activity before dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
BUZZINATE COMPANY LIMITED (百智能信息科技有限公司)	Digital integrated marketing supplier	29 March 2019	Dissolution by deregistration	Ceased to carry out business
IDEAL AIM LIMITED (域度有限公司)	Social marketing business	11 March 2016	Dissolution by deregistration	Ceased to carry out business

Mr. Hsieh has confirmed that there was no wrongful act on his part leading to the dissolution of such companies, and he is not aware of any actual or potential claim which had been or will be made against him as a result of their dissolutions. Mr. Hsieh confirmed that the above companies had been inactive and were solvent at the time of their respective dissolution.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Group.

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Roles and Responsibilities in our Group	Relationship with other Directors or senior management
Mr. Wu Faat Chi (胡發枝)	36	Executive Director, Chairman and Chief Executive Officer	January 2013	August 2008	Formulates strategic development plans of our Group, oversees the design and development of our IT infrastructure and overall management of our Group	Spouse of Ms. Tsui
Ms. Tsui Ka Wing (徐嘉穎)	38	Executive Director and Chief Operating Officer	January 2013	January 2013	Designs and implements business strategies, oversees regulatory compliance and the daily operations of our Group	Spouse of Mr. Wu
Mr. Law Kwai Yee (羅貴義)	29	Chief Financial Officer	June 2021	June 2021	Oversees the financial affairs and formulates overall strategies and leads the investor engagement of our Group	Nil
Mr. Lam Wai Chiu (林衛超)	35	Financial Controller	March 2020	April 2019	Responsible for financial reporting and financial planning, and oversees the account, finance and human resources departments of our Group	Nil

Mr. Wu Faat Chi (胡發枝), aged 36, is an Executive Director and the Chairman and Chief Executive Officer of our Group. Please see his biography in "Directors — Executive Directors" in this section.

Ms. Tsui Ka Wing (徐嘉穎), aged 38, is an Executive Director and the Chief Operating Officer of our Group. Please see her biography in "Directors — Executive Directors" in this section.

Mr. Law Kwai Yee (羅貴義), aged 29, is the Chief Financial Officer of our Group. He joined our Group in June 2021. He is responsible for overseeing the financial affairs and formulating overall strategies, as well as leading the investor engagement of our Group.

Mr. Law has over six years of experience in the corporate finance sector. Prior to joining our Group, Mr. Law worked at The Hongkong and Shanghai Banking Corporation Limited, a wholly-owned subsidiary of HSBC Holding plc (a company listed on the Stock Exchange with stock code: 0005) from July 2015 to July 2020, with his last position as an associate in the Global Banking division, where he was responsible for providing corporate finance and advisory services, as well as assisting in origination and execution of mergers and acquisitions and other capital market transactions. From July 2020 to June 2021, he served as a senior associate in the investment banking division of Citigroup Global Markets Asia Limited, where he was responsible for assisting clients in raising funds in the capital markets, as well as providing strategic advisory services for mergers and acquisitions and other types of financial transactions.

Mr. Law obtained a degree of Bachelor of Business Administration in Professional Accountancy from the Chinese University of Hong Kong in November 2015. During the academic year of 2013 to 2014, Mr. Law was a registered visiting student at the University of Oxford in the United Kingdom.

Mr. Lam Wai Chiu (林衛超), aged 35, is the Financial Controller of our Group. He joined our Group in April 2019. He is responsible for financial reporting and financial planning, and overseeing the account, finance and human resources departments of our Group.

Mr. Lam has over 10 years of experience in the auditing and finance sector. Prior to joining our Group, Mr. Lam worked at Li, Tang, Chen & Co. as an audit clerk from April 2012 to January 2013, where he was responsible for auditing work. He worked at Hodgson Impey Cheng Limited as an accountant from January 2013 to November 2014, where he was responsible for accounting work. He worked at Baker Tilly Hong Kong Business Services Limited as a senior associate from December 2014 to January 2015, where he was responsible for auditing work. From January 2015 to April 2017, Mr. Lam worked at BDO Limited as a senior associate with his last position as an assistant manager, where he was responsible for auditing work. From May 2017 to August 2017, he worked at Primocasa Interiors Limited, an interior design company, as a financial controller, where he was responsible for planning, developing, implementing and monitoring of the portfolio company's accounting and finance structure. From October 2017 to May 2018, he worked as a financial controller in Kid Kingdom Limited, where he was responsible for planning, developing, implementing and monitoring of the portfolio company's accounting and finance structure, budgetary policies and procedures, reports and tax planning. From June 2018 to December 2018, he worked at Chi Kan Woodworks Company Limited (a company subsequently listed on the Stock Exchange with stock code: 9913) as a financial controller, where he was responsible for planning, developing, implementing and monitoring of the portfolio company's accounting and finance structure, budgetary policies and procedures.

Mr. Lam obtained a degree of Bachelor of Arts in Accounting from the Edinburgh Napier University in the United Kingdom in January 2013. He has been a member of Hong Kong Institute of Certified Public Accountants since January 2017.

Interests of our Directors and Senior Management

None of our Directors have any interests in any business, other than our Group's business, which compete or is likely to compete, either directly or indirectly, with our Group's business.

Save as disclosed in this section, none of our Directors holds any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus. Please see "Statutory and General Information — C. Further Information About our Directors and Substantial Shareholders" in Appendix IV to this prospectus for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed in this section and "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus, to the best knowledge, information and belief of our Directors after having made due and careful enquiries, as at the Latest Practicable Date, there were no other matters in respect of each of our Directors which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

COMPANY SECRETARY

Mr. Lam Wai Chiu (林衛超), the Financial Controller of our Group and was appointed as our company secretary in May 2021. Please see his biography in "Senior Management" in this section.

BOARD COMMITTEES

We have established the following committees in our Board: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Investment Committee. These committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee has three members, namely Mr. Ho Yun Tat, Mr. Adamczyk Alexis Thomas David and Mr. Chan Shun. Mr. Ho Yun Tat has been appointed as the chairman of the Audit Committee, and is our Independent Non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to assist our Board by providing an independent view on the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee has three members, namely Mr. Chan Shun, Ms. Tsui and Mr. Ho Yun Tat. Mr. Chan Shun has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination Committee

Our Company established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee has three members, namely, Mr. Wu, Dr. Qian Sam Zhongshan and Mr. Chan Shun. Mr. Wu has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of the Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

Strategy and Investment Committee

Our Company established the Strategy and Investment Committee. The Strategy and Investment Committee has four members, namely, Mr. Man Lap, Mr. Wu, Ms. Tsui, and Mr. Hsieh Wing Hong Sammy. Mr. Man Lap has been appointed as the chairman of the Strategy and Investment Committee. The primary duties of the Strategy and Investment Committee include, without limitation, reviewing and evaluating investment projects for the long-term development of our Group (including mergers and acquisition, joint venture and equity investments), studying and making recommendations to the Board on major investments, financial solutions and capital investments and supervising the implementation of the investments approved by the Board.

BOARD DIVERSITY

We have adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, qualification, skills, experience, knowledge and length of service.

Our Directors have a balanced mix of experiences, including e-commerce, online marketing, investment and accounting fields. Further, the age of our Directors ranges from 35 to 58 years old. Furthermore, our Board consists of seven male Directors and one female Director.

Our Company values gender diversity and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management. In recognising the importance of gender diversity, our Company is committed to provide career development opportunities for female staff and to engaging more resources in training the female staff with an aim to promoting them to the position of senior management or Directors. Our Company will also continue to recruit female talents based on our recruitment policy and with reference to our board diversity policy as a whole.

After the Listing, the Nomination Committee will review the board diversity policy on an annual basis to ensure its continued effectiveness and we will disclose in our corporate governance report details of the implementation of the board diversity policy on an annual basis.

CORPORATE GOVERNANCE

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer, as Mr. Wu currently performs these two roles. While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decisions to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three Independent Non-executive Directors out of eight Directors, and we believe there is sufficient check and balance on our Board; (ii) Mr. Wu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions of our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Group.

Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels.

Finally, as Mr. Wu is one of the founders of our Yoho OMO Business, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

For further information relating to our Company's corporate governance measures, please see "Relationship with our Controlling Shareholders — Corporate Governance Measures" in this prospectus.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration from our Group in the form of salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes and discretionary bonuses) paid to Directors and senior management for the three years ended 31 March 2021 and 8M21/22 were approximately HK$1.3 million, HK$1.3 million, HK$1.2 million and HK$2.1 million, respectively. None of the Directors had waived any remuneration during the same period.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Group's five highest paid individuals, including Directors, for the three years ended 31 March 2021 and 8M21/22 were approximately HK$2.4 million, HK$2.7 million, HK$2.9 million and HK$2.5 million, respectively.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended 31 March 2021 and 8M21/22 by any of member of our Group to any of the Directors or senior management.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors or the five highest paid individuals for the Track Record Period for the loss of office as director or any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ending 31 March 2023 to be approximately HK$2.9 million.

THE SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme as share incentive scheme. For details of these Share Option Scheme, please see "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

COMPLIANCE ADVISER

We have appointed CMBC International Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and seek advice from our compliance adviser in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the securities of our Company, the possible development of a false market in the securities of our Company or any other matters.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalisation Issue and the Global Offering (assuming (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of the options which may be granted under the Share Option Scheme), The Mearas Venture, The Wings Venture and Yo Cheers (BVI) will hold approximately 33.6%, 28.2% and 0.5% of the total issued share capital of our Company, respectively.

The Mearas Venture is wholly-owned by Mr. Wu. The Wings Venture and Yo Cheers (BVI) are wholly-owned by Ms. Tsui. Ms. Tsui is the spouse of Mr. Wu. As such, Mr. Wu, Ms. Tsui, The Mearas Venture, The Wings Venture and Yo Cheers (BVI) will be a group of Controlling Shareholders within the meaning of the Listing Rules.

For biographical details of Mr. Wu and Ms. Tsui, please see "Directors and Senior Management" in this prospectus.

INFORMATION OF BUSINESSES OF OUR GROUP AND OUR CONTROLLING SHAREHOLDERS

Our Group is an e-commerce retailer with both online and offline retail channels with a focus on consumer electronics and homes appliances.

The Mearas Venture, The Wings Venture and Yo Cheers (BVI) are investment holding companies without any actual business. As at the Latest Practicable Date, each of them had only invested in our Company. In particular, Yo Cheers (BVI) was established to hold Shares for the purpose of a possible employee share incentive plan to be established by our Company.

As at the Latest Practicable Date, Mr. Wu held 53% equity interests in Optimal Equity, which is an investment holding company for holding investments of Mr. Wu, Mr. Wong Ka Hing and Mr. Lee Tsz Kin (both of whom are Independent Third Parties) in a private equity fund managed by a professional asset management company which is an Independent Third Party. Our Directors are of the view that such investments of Optimal Equity are clearly delineated from the businesses of our Group, and do not compete and are unlikely to compete, directly or indirectly, with those of our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently of our Controlling Shareholders and his/her/its close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and members of senior management of our Company. Our Board comprises two Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. For further information, please see "Directors and Senior Management" in this prospectus.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions. In addition, the interested Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or she or any of his/her close associates (as defined in the Listing Rules) is materially interested except for certain circumstances as set out in the Articles. For details, please see "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus;

(c) save for the fact that as at the Latest Practicable Date, (i) Mr. Wu acted as a director in Optimal Equity and the The Mearas Venture and (ii) Ms. Tsui acted as a director in The Wings Venture and Yo Cheers (BVI), there were no other overlapping directors nor senior management members in the companies controlled by our Controlling Shareholders. Each of Mr. Wu and Ms. Tsui confirms that their respective involvement and/or interests in these investment holding companies will not affect the discharge of their respective duties to our Group;

(d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see "Corporate Governance Measures" in this section below for further details; and

(e) we have three Independent Non-executive Directors, comprising not less than one-third of our Board, and certain matters of our Company must always be referred to our Independent Non-executive Directors for review. Our Independent Non-executive Directors have the requisite knowledge and expertise to advise on the conflicted transactions and business decisions. For their biographical details, please see "Directors and Senior Management" in this prospectus.

Based on the above, our Directors believe that our Board and senior management are able to perform the managerial role in our Group independently.

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. We hold all the relevant licences and permits to operate our business, and we own all the relevant intellectual properties used by our Group in our business. We lease our offices, retail stores and warehouses necessary for our business from Independent Third Parties, and we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

Our Group has an independent financial reporting system and makes financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. More importantly, we have been and are capable of obtaining equity financing from third parties. Although there was amount due to Mr. Wu, which was non-trade in nature, unsecured, interest-free and repayable on demand, and amounted to approximately HK$0.1 million as at 30 November 2021, such amount was insignificant as compared with our Group's equity financing obtained from third parties and has been settled. As at the Latest Practicable Date, there were no other outstanding loans, advances or non-trade balances due to or from our Controlling Shareholders or their respective close associates, nor were there any other outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates.

Our Directors confirm that our Group does not intend to obtain any borrowing or guarantee from any of our Controlling Shareholders or entities controlled by our Controlling Shareholders.

Based on the above, our Directors are of the view that our Board and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and his/her/its close associates after the Listing.

DEED OF NON-COMPETITION

Our Controlling Shareholders confirm that as at the Latest Practicable Date, they did not have any interest in business which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

In order to avoid any potential competition between our Controlling Shareholders and us, our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company. Pursuant to the Deed of Non-competition, subject to the exceptions set out below, each of our Controlling Shareholders has irrevocably and unconditionally undertaken to our Company (for ourselves and on behalf of each other member of our Group) that he/she/it would not, and would procure that his/her/its close associates (except any members of our

Group) not to, during the Restricted Period (as defined below), directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group), among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any Restricted Business (as defined below), whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person.

The "**Restricted Business**" stated in the Deed of Non-competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with:

(a) the existing business activities of our Group as set out in the section headed "Business" in this prospectus; and

(b) any other business from time to time conducted, entered into, engaged in or invested in by any member of our Group or which our Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, enter into, engage in or invest in.

The obligation of our Controlling Shareholders under the Deed of Non-competition will remain binding on our Controlling Shareholders until the earlier of the following:

(a) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares on the Stock Exchange for any reason); or

(b) the date on which our Controlling Shareholder(s) and his/her/its close associates, collectively cease to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company or otherwise cease to be a group of controlling shareholders of our Company.

"**Restricted Period**" shall mean the period commencing on the Listing Date until the earlier of the above events.

Each of our Controlling Shareholders has also undertaken to our Company to provide all information requested by our Company which is necessary for the annual review by our Independent Non-executive Directors of the Controlling Shareholders' compliance with the undertakings and the enforcement of the Deed of Non-competition. Each of them has further undertaken to our Company (for itself and for the benefit of each other member of our Group) that in the event that he/she/it or his/her/its close associate(s) (other than any member of our Group) is given/identified/offered/made available any business investment or commercial opportunity relating to the Restricted Business (the "**New Business Opportunity**"), he/she/it will and will procure his/her/its close associates to refer the New Business Opportunity to our Company as soon as practicable in the following manner:

(a) the relevant Controlling Shareholder(s) is required to, and shall procure his/her/its close associates (other than any member of our Group) to, refer, or to procure the referral of, the New Business Opportunity to our Company, and shall give written notice (the "**Offer Notice**") as soon as reasonably practicable to our Company of any New Business Opportunity containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunity would constitute the Restricted Business; and (ii) it is in the interest of our Group to pursue such New Business Opportunity, including but not limited to the nature of the New Business Opportunity, the identity of the target asset(s) or company(ies) (if applicable), and the details of the investment or acquisition costs; and

(b) as soon as reasonably practicable after receiving the Offer Notice, our Company shall seek approval from a board committee (comprising only our Independent Non-executive Directors who do not have any interest, actual or potential, direct or indirect in the relevant New Business Opportunity) (the "**Independent Board**") as to whether to pursue or decline the New Business Opportunity. Any Director who has actual or potential, direct or indirect interest in the New Business Opportunity shall not be a member of the Independent Board and shall not attend (unless his/her attendance is specifically requested by the Independent Board), vote at nor be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity;

(c) the Independent Board shall take into account all relevant factors in considering whether our Company shall pursue the New Business Opportunity. Such factors may include, among other things, the financial impact of pursuing the New Business Opportunity, whether the nature of the New Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions. If appropriate, the Independent Board may, at the cost of our Company, appoint independent financial advisers, legal advisers and other professional advisers to assist in the decision-making process in relation to such New Business Opportunity;

(d) the Independent Board shall, within 20 business days upon receipt of the Offer Notice, inform the relevant Controlling Shareholder in writing on behalf of our Company of its decision whether to pursue or decline the New Business Opportunity;

(e) the relevant Controlling Shareholder and/or his/her/its close associates shall be entitled (but not obliged) to pursue such New Business Opportunity (i) if he or she or it has received a notice from the Independent Board declining such New Business Opportunity, or (ii) if the Independent Board has failed to respond within such 20 business days period pursuant to sub-paragraph (d) above;

(f) if there is any material change in the nature, terms or conditions of such New Business Opportunity pursued by the relevant Controlling Shareholder, he/she/it shall refer such New Business Opportunity as so revised to our Company in the manner as outlined in the Deed of Non-competition as if it were a New Business Opportunity; and

(g) any Director who has actual or potential interests in the New Business Opportunity shall not attend meetings convened to consider such New Business Opportunity (unless required by the Independent Board), shall abstain from voting at such meetings and he/she/it shall not be counted in the quorum present in the meetings.

Nothing in the Deed of Non-competition shall preclude any of our Controlling Shareholders or their close associates from:

(a) holding interests in the shares of a company which is listed on a recognised stock exchange provided that:

    (i) any Restricted Business conducted or engaged in by such company or its subsidiaries (or assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited consolidated accounts; or

    (ii) the total number of the shares held by the relevant Controlling Shareholder(s) and/or his/her/its close associates in aggregate does not exceed 5% of the issued shares of that class of the company in question, and such Controlling Shareholder(s) and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and at all times there should exist at least one other shareholder of that company (together, where appropriate, with his/her/its close associates) whose shareholdings in that company should be more than the total number of shares held by such Controlling Shareholder(s) and his/her/its close associates; or

(b) pursuing any business opportunity which may constitute the Restricted Business after our Independent Board has confirmed in writing to the relevant Controlling Shareholder(s) that our Independent Board or the relevant member(s) of our Group has declined such business opportunity.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognise the importance of good corporate governance in protection of our Shareholders' interests. We will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his/her/its associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the applicable Listing Rules;

(c) our Independent Non-executive Directors will review, at least on an annual basis, compliance with and the enforcement of undertakings under the Deed of Non-competition by our Controlling Shareholders to protect the interests of our minority Shareholders;

(d) our Independent Non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up any New Business Opportunity under the Deed of Non-competition. Any Directors who have a material interest in such decisions shall abstain from voting. Our Company will disclose such decisions (including our Independent Non-executive Directors' views for such decisions) in our annual reports;

(e) our Controlling Shareholders undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Independent Non-executive Directors for the purpose of their annual review referred to in paragraph (c) above; and

(f) our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-competition in the annual reports of our Company;

(g) our Company will disclose decisions (with basis) on matters reviewed by our Independent Non-executive Directors either in its annual reports or by way of announcements;

(h) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(i) we have appointed CMBC International Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering and assuming that (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of options which may be granted under the Share Option Scheme, the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Substantial shareholder	Number of Shares/ underlying Shares	Nature of interest	Approximate percentage of interest in our Company
The Mearas Venture[(1)]	168,003,522	Beneficial Interest	33.6%
The Wings Venture[(2)]	140,938,186	Beneficial Interest	28.2%
Mr. Wu[(1), (3)]	311,545,390	Interest in controlled corporation and interest of spouse	62.3%
Ms. Tsui[(2), (3)]	311,545,390	Interest in controlled corporation and interest of spouse	62.3%
Beyond Ventures Vehicle[(4)]	35,676,935	Beneficial Interest	7.1%
Beyond Ventures[(4)]	35,676,935	Interest in controlled corporation	7.1%
Beyond I Capital Limited[(4)]	35,676,935	Interest in controlled corporation	7.1%

Notes:

1. The Mearas Venture is wholly-owned by Mr. Wu. Under the SFO, Mr. Wu is deemed to be interested in the 168,003,522 Shares held by The Mearas Venture.

2. The Wings Venture is wholly-owned by Ms. Tsui. Under the SFO, Ms. Tsui is deemed to be interested in the 140,938,186 Shares held by The Wings Venture.

3. Yo Cheers (BVI), which is wholly-owned by Ms. Tsui, is interested in 2,603,682 Shares. Under the SFO, Ms. Tsui is deemed to be interested in the 2,603,682 Shares held by Yo Cheers (BVI). Furthermore, as Mr. Wu is the spouse of Ms. Tsui, Ms. Tsui is deemed to be interested in the 168,003,522 Shares in which Mr. Wu is interested via The Mearas Venture, and Mr. Wu is deemed to be interested in the 143,541,868 Shares in which Ms. Tsui is interested via The Wings Venture (as to 140,938,186 Shares) and Yo Cheers (BVI) (as to 2,603,682 Shares). As a result, each of Mr. Wu and Ms. Tsui is deemed to be interested in a total of 311,545,390 Shares, representing approximately 62.3% interest of the total issued share capital of our Company.

4. Beyond Ventures Vehicle is wholly-owned by Beyond Ventures, which is an exempted limited partnership registered in the Cayman Islands with (i) Beyond I Capital Limited as its general partner, which is in turn owned by Expand Ocean Limited as to approximately 28.6%, Mr. Fang Yan Zau Alexander as to approximately 28.6%, 3 Musketeers Limited as to approximately 14.3%, Billion Eggs Limited as to approximately 14.2% and Decent Global Limited as to approximately 14.3%, and (ii) various high net worth individuals and institutional and corporate investors as its limited partners and strategic partners. No limited partner or strategic partner has contributed more than one third of the capital to Beyond Ventures. Under the SFO, Beyond Ventures (as the sole shareholder of Beyond Ventures Vehicle) and Beyond I Capital Limited (as the general partner of Beyond Ventures) are deemed to be interested in the 35,676,935 Shares held by Beyond Ventures Vehicle.

AUTHORISED AND ISSUED SHARE CAPITAL OF OUR COMPANY

The following is a description of the authorised and issued share capital of our Company as at the date of this prospectus and shares issued or to be issued as fully paid or credited as fully paid immediately before and after completion of the Global Offering and the Capitalisation Issue:

Number		*US$*
Authorised share capital:		
As at the Latest Practicable Date:		
448,773,777	Shares of par value of US$0.0001 each	44,877.3777
51,226,223	Series A Preferred Shares of US$0.0001 each	5,122.6223
Immediately after the completion of the Global Offering		
2,000,000,000	Shares of par value of US$0.0001 each	200,000
Shares in issue as at the date of this prospectus (assuming the Series A Preferred Shares are converted into Shares)*Note*:		
197,226,223	Shares of par value of US$0.0001 each	19,722.6223
Shares to be issued pursuant to the Global Offering:		
55,000,000	Shares of par value of US$0.0001 each	5,500
Shares to be issued pursuant to the Capitalisation Issue:		
247,773,777	Shares of par value of US$0.0001 each	24,777.3777
Shares in issue immediately following the Global Offering and the Capitalisation Issue:		
500,000,000	Shares of par value of US$0.0001 each	50,000

Note: The Series A Preferred Shares will be converted into Shares on an one-to-one basis by way of re-designation to Shares on the Listing Date.

ASSUMPTIONS

The above table assumes that the Global Offering has become unconditional and the Shares are issued pursuant to the Capitalisation Issue and the Global Offering. It takes no account of any Shares (1) which may be allotted and issued pursuant to (i) the exercise of (a) the Over-allotment Option and (b) options that may be granted under the Share Option Scheme or (2) which may be allotted and issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

Upon the Listing, our Company will have only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares. The Offer Shares will carry the same rights as all Shares in issue or to be issued and, in particular, will qualify for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Cayman Islands Companies Act and the terms of our Memorandum of Association and our Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) subdivide its Shares into Shares of smaller amount; and (iv) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Islands Companies Act reduce its share capital by special resolution of shareholders. For details, please see "Summary of the Constitution of our Company and Cayman Islands Company Law — Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Cayman Islands Companies Act and the terms of our Memorandum of Association and our Articles of Association, all or any of the special rights attached to our Shares or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than two thirds of the issued Shares of that class, or with the approval of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the Shares of that class. For details, please see "Summary of the Constitution of our Company and Cayman Islands Company Law — Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot and issue Shares, particulars of which are set out in "Statutory and General Information — A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on 20 May 2022" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to repurchase Shares, particulars of which are set out in "Statutory and General Information — A. Further information about our Group — 3. Resolutions in writing of our Shareholders passed on 20 May 2022" and "Statutory and General Information — A. Further information about our Group — 6. Repurchase of our own securities" in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 20 May 2022. A summary of the principal terms of the Share Option Scheme is set out in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on 20 May 2022, subject to the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors were authorised to allot and issue a total of 247,773,777 Shares credited as fully paid to our Shareholders on the register of members of our Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted and issued any fraction of a Share) by way of capitalisation of the sum of US$24,777.3777 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

You should read the following discussion and analysis in conjunction with our consolidated financial statements including the notes thereto, as set forth in the Accountants' Report included as Appendix I to this prospectus. The Accountants' Report has been prepared on the basis set out in Appendix I to this prospectus and in accordance with our accounting policies that are in conformity with HKFRSs.

Our historical results do not necessarily indicate our performance for any future periods. The following discussion and analysis of our financial conditions and results of operations contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those discussed below due to a number of factors, including those set out in the sections headed "Risk Factors", "Forward-looking Statements", "Business" and elsewhere in this prospectus.

Potential investors should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

As confirmed by F&S, we are one of the leading market players in the business-to-consumer (B2C) e-commerce industry in Hong Kong, carrying over 23,000 SKUs (with a focus on Consumer Electronics and Home Appliances) and having established a customer base comprising over 807,000 registered members as at the Latest Practicable Date. Our brand name "Yoho (友和) " encapsulates our ideology to create a one-stop e-commerce platform that caters for the wide-ranging needs of the consumers under the motto "you name it, we've got it (就係友和，乜都有嗰！)". As a fast-growing enterprise, we have achieved a significant growth in our revenue, recording a CAGR of approximately 96.5% from FY18/19 to FY20/21; in particular, our revenue derived from the Yoho OMO Business had grown at a CAGR of 107.1% during the three financial years ended 31 March 2021. According to the F&S Report, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21. We also ranked second and third (with a market share of approximately 1.8%) among all Hong Kong e-commerce platforms in terms of website traffic and overall online retail sales respectively for FY20/21.

In our retail business, we adopt an online-merge-offline (OMO) business model, whereby we operate the Yoho E-commerce Platform, i.e. our e-commerce platform at **www.yohohongkong.com** (desktop version) or **m.yohohongkong.com** (mobile version) and two retail stores in the Kwun Tong District (Kowloon East) and the Cheung Sha Wan District (Kowloon West) respectively. Having both online and offline presence and utilising the power of technologies, we are well-equipped to provide our customers with a shopping experience that blends the advantages of online shopping and offline shopping.

For the Track Record Period, our total revenue amounted to approximately HK$135.4 million, HK$260.0 million, HK$523.0 million and HK$496.7 million, and we recorded a net profit of HK$12.3 million, HK$18.3 million, HK$28.7 million and net loss of HK$13.9 million, while the adjusted net profit as non-HKFRS measures were approximately HK$13.0 million, HK$17.6 million, HK$28.7 million and HK$13.6 million respectively.

FACTORS AFFECTING OUR FINANCIAL RESULTS

Our results of operations and financial performance have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in ''Risk Factors'' in this prospectus and those set out below.

Demand for our products

Our revenue was substantially derived from sales of our products during the Track Record Period, therefore, our financial results depend to a certain extent on the overall demand for our products, consumers' preference, brand awareness and quality of products we offer. For the Track Record Period, revenue generated from sales of our products was approximately HK$135.4 million, HK$259.7 million, HK$522.6 million and HK$495.8 million, respectively, representing substantially all of our total revenue.

However, if we are unable to anticipate changes in consumers' preference, remain price-competitive and respond to consumption trend, such as by sourcing new products that are sought-after by consumers, our business, financial conditions and results of operations could be materially and adversely affected.

Industry competition

In the e-commerce business we compete with our competitors for customer orders and brand owners who supply their goods for us to sell. According to F&S Report, we ranked first as an e-commerce platform with a primary focus on Consumer Electronics and Home Appliances in Hong Kong in terms of website traffic, and recorded the highest online retail sales of Consumer Electronics and Home Appliances among all Hong Kong e-commerce platforms with a market share of approximately 5.6%, for FY20/21. However, e-commerce market in Hong Kong is fragmented and highly competitive with a large number of market players (i.e. over 7,500 market players as at 31 March 2021). Market players compete with each other in a specific market segment or multiple market segments. There are a number of well-established competitors with substantial financial, technical, marketing and other resources in the e-commerce markets in which we operate. Our current or potential competitors include major online retailers in Hong Kong and the PRC that offer a wide range of general or fashionable merchandise product categories, major traditional retailers that are moving into online retailing and major traditional retailers with both physical and online retail stores. Additional competitors may enter the industry of e-commerce in the future and less-competitive companies in the market are likely to be gradually eliminated. We cannot assure you that we will be able to compete successfully against current or future competitors and maintain our current market position in the e-commerce market in Hong Kong. The competitive pressures may have a material and adverse effect on our financial results and profitability.

Fluctuation in our product costs

During the Track Record Period, cost of goods sold primarily represented our product cost, which accounted for approximately 75.7%, 79.5%, 82.6% and 85.0% of our total revenue for the Track Record Period, respectively. Accordingly, our results of operations will be significantly affected if our cost of goods sold increases and we are not able to pass such increase to our customers.

For illustrative purpose, set out below is a sensitivity analysis of the estimated increase/decrease in our profit before taxation for the Track Record Period in relation to a hypothetical change in our cost of goods sold in the respective year/period, assuming all other factors remain unchanged:

Hypothetical change in cost of goods sold	**FY18/19 Change in profit before taxation** *HK$'000*	**FY19/20 Change in profit before taxation** *HK$'000*	**FY20/21 Change in profit before taxation** *HK$'000*	**8M21/22 Change in profit before taxation** *HK$'000*
+/- 10%	-/+ 10,257	-/+ 20,670	-/+ 43,197	-/+ 42,198
+/- 20%	-/+ 20,513	-/+ 41,339	-/+ 86,393	-/+ 84,395

Fluctuation in our staff costs

During the Track Record Period, staff costs constituted one of the largest components of our selling and distribution expenses as well as administrative expenses, which in aggregate accounted for approximately 6.5%, 5.6%, 4.1% and 3.6% of our total revenue for the Track Record Period, respectively. Accordingly, our results of operations will be significantly affected if the staff costs increase and we are not able to pass such increase to our customers.

For illustrative purpose, set out below is a sensitivity analysis of the estimated increase/decrease in our hypothetical fluctuations in our profit before taxation for the Track Record Period in relation to a hypothetical change in our staff costs in the respective year/period, assuming all other factors remain unchanged:

Hypothetical change in staff costs	**FY18/19 Change in profit before taxation** *HK$'000*	**FY19/20 Change in profit before taxation** *HK$'000*	**FY20/21 Change in profit before taxation** *HK$'000*	**8M21/22 Change in profit before taxation** *HK$'000*
+/- 10%	-/+ 876	-/+ 1,463	-/+ 2,131	-/+ 1,809
+/- 20%	-/+ 1,752	-/+ 2,926	-/+ 4,262	-/+ 3,618

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2021. Pursuant to the Reorganisation, as more fully explained in the paragraph headed "History, reorganisation and corporate structure – Reorganisation" in this prospectus, our Company became the holding company of the companies now comprising our Group. The financial information includes the consolidated statements of financial position as at 31 March 2019, 2020, 2021 and 30 November 2021 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of FY18/19, FY19/20, FY20/21 and 8M21/22 and a summary of significant accounting policies and other explanatory information. The financial information relating to our Group for the Track Record Period has been prepared as if our Company had always been the holding company of our Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising our Group, as if our Company had always been the holding company of our Group and the current group structure has been in existence throughout the Track Record Period, or since their respective dates of the incorporation or establishment, where there is a shorter period.

SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared in accordance with accounting policies which conform to HKFRSs. We have identified certain accounting policies that are significant to the preparation of our financial information and are important in understanding our financial condition and results of operations. These significant accounting policies are set out in Note 3 to the Accountants' Report in Appendix I to this prospectus. The principal accounting policies adopted in preparing our financial information are as follows:

Revenue

We recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time, as in advertising services by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;

- our Group's performance creates or enhances an asset that the customer controls as our Group performs; or

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict our Group's performance in transferring control of goods or services.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under our Group's customer loyalty programme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which our Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, our Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which our Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

At the end of each reporting period, our Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment and right-of-use assets, are estimated individually. When it is not possible to estimate the recoverable amount individually, our Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating unites) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which our Group must incur to make the sale.

Adoption of HKFRS 16

Our Group has consistently applied the accounting policies, including but not limited to HKFRS 16 "Leases", which conform with HKFRSs issued by the HKICPA throughout the Track Record Period. For further details, see Note 3 to the Accountants' Report included in Appendix I to this prospectus.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of our Group's accounting policies, which are described in Note 3 to the Accountants' Report in Appendix I to this prospectus, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. See Note 4 to the Accountants' Report in Appendix I to this prospectus for details.

RESULTS OF OPERATIONS

The following table presents the results of operations of our Group during the years/periods indicated, which are derived from the consolidated statements of profit or loss and other comprehensive income as set out in the Accountants' Report in Appendix I to this prospectus.

	FY18/19	FY19/20	FY20/21	8M20/21	8M21/22
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	135,422	259,953	523,029	289,005	496,731
Cost of goods sold	(102,567)	(206,696)	(431,967)	(235,144)	(421,977)
	32,855	53,257	91,062	53,861	74,754
Other income	1	107	3,269	3,242	2
Other gains and losses	(540)	684	(112)	(127)	(11,463)
Selling and distribution expenses	(11,249)	(22,114)	(44,946)	(26,139)	(43,428)
Administrative expenses	(6,420)	(10,216)	(15,300)	(9,215)	(14,635)
Listing expenses	–	–	–	–	(16,065)
Finance costs	(31)	(112)	(236)	(146)	(289)
Profit (loss) before taxation	14,616	21,606	33,737	21,476	(11,124)
Income tax expense	(2,344)	(3,282)	(5,004)	(2,851)	(2,808)
Profit (loss) and total comprehensive income (expense) for the year/period	12,272	18,324	28,733	18,625	(13,932)

NON-HKFRS MEASURES

In order to supplement our consolidated statements of profit or loss and other comprehensive income, which are presented in accordance with HKFRS, we also use adjusted net profit as non-HKFRS measures as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures help identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in income from operations and net profit, and therefore provide useful information to investors and others in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that these non-HKFRS measures provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects, and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted net profit as non-HKFRS measures as profit for the year/period adjusted by (i) fair value change in derivative financial instrument; (ii) fair value change in convertible redeemable preferred shares and (iii) listing expenses. Given that (i) fair value change in derivative financial instrument was resulted from the measurement of fair value change in call optioned granted to Beyond Ventures Vehicle which has been exercised, (ii) fair value change in convertible redeemable shares was resulted from the conversion right to ordinary share granted to the holders of the Series A preferred shares which will be exercised before Listing and (iii) listing expenses was incurred for the purpose of the Listing, these items will not exist after Listing. The use of adjusted net profit as non-HKFRS measures has material limitations as an analytical tool because they do not reflect all items of income and expenses that affect our operations. When assessing our operating and financial performance, you should not consider adjusted net profit as non-HKFRS measures in isolation from or as a substitute for our profit or loss for the year/period, gross profit or any other financial performance measure that is calculated in accordance with HKFRS. The term "adjusted net profit as non-HKFRS measures" is not defined under HKFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following table sets forth our adjusted net profit as non-HKFRS measures for the years/periods indicated:

	FY18/19	**FY19/20**	**FY20/21**	**8M20/21**	**8M21/22**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for the year/period	12,272	18,324	28,733	18,625	(13,932)
Adjusted for:					
Fair value change in derivative financial instrument	774	(692)	–	–	–
Fair value change in convertible redeemable preferred shares	–	–	–	–	11,495
Listing expenses	–	–	–	–	16,065
Adjusted net profit as non-HKFRS measures	13,046	17,632	28,733	18,625	13,628

DESCRIPTION OF CERTAIN LINE ITEMS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

The following table sets forth the breakdown of our revenue by sales channel for the years/periods indicated:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Yoho OMO Business (B2C)										
– Online Retail Sales	77,356	57.1%	175,995	67.7%	413,470	79.0%	225,222	77.9%	394,520	79.4%
– Offline Retail Store Sales	37,064	27.4%	47,384	18.2%	77,417	14.8%	42,920	14.9%	82,949	16.7%
	114,420	84.5%	223,379	85.9%	490,887	93.8%	268,142	92.8%	477,469	96.1%
Offline Bulk Sales (B2B)	21,002	15.5%	36,350	14.0%	31,739	6.1%	20,637	7.1%	18,308	3.7%
Others *(Note)*	–	–	224	0.1%	403	0.1%	226	0.1%	954	0.2%
Total	135,422	100.0%	259,953	100.0%	523,029	100.0%	289,005	100.0%	496,731	100.0%

Note: Such other revenue was derived from the provision of advertising services during the Track Record Period.

The Yoho OMO Business under the B2C model is our major sales channel, which generated revenue of approximately HK$114.4 million, HK$223.4 million, HK$490.9 million, HK$268.1 million and HK$477.5 million, representing 84.5%, 85.9%, 93.8%, 92.8% and 96.1% of our total revenue for FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, respectively. In particular, our revenue derived from online retail sales mainly through our Yoho E-commerce Platform amounted to approximately HK$77.4 million, HK$176.0 million, HK$413.5 million, HK$225.2 million and HK$394.5 million, representing 57.1%, 67.7%, 79.0%, 77.9% and 79.4% of our total revenue for FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, respectively.

Apart from the Yoho OMO Business, we also generate revenue through offline bulk sales under the B2B model, whereby we mainly supply our products to other retailers of consumer electronics and home appliances, trading companies, and corporate and other institutional customers with bulk purchase orders. For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, our revenue derived from offline bulk sales amounted to approximately HK$21.0 million, HK$36.4 million, HK$31.7 million, HK$20.6 million and HK$18.3 million, representing 15.5%, 14.0%, 6.1%, 7.1% and 3.7% of our total revenue, respectively. In addition, we generated revenue through providing advertising services for FY19/20, FY20/21, 8M20/21 and 8M21/22.

Despite the decrease in revenue derived from offline bulk sales during FY20/21 and 8M21/22 as a result of the allocation of our manpower from corporate sales team (mainly responsible for the corporate client and B2B business) to other departments or functions of the Group for further development of our B2C business resulting in fewer senior personnel who was responsible for sourcing large-scale corporate client and fewer headcount in the corporate sales team, we plan to engage more in and maintain our B2B business in catching up the overall growth of the Group and in diversifying the Group's sources of revenue riding on the increase in our brand awareness and customer bases going forward. We have already been expanding our corporate sales team primarily responsible for exploring B2B business opportunities by recruiting new staff and we have been actively hiring some personnel including a business development manager to join our Group for that purpose.

The following table sets forth the breakdown of our revenue generated in the Yoho OMO Business (B2C) and our offline bulk sales (B2B) by product category for the years/periods indicated:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Consumer electronics	17,684	13.1%	50,929	19.6%	138,087	26.5%	62,311	21.6%	132,865	26.8%
Beauty and health electronic products	41,471	30.6%	58,785	22.6%	91,626	17.5%	56,769	19.6%	75,245	15.2%
Home appliances	63,248	46.7%	123,820	47.7%	207,550	39.7%	120,070	41.6%	209,919	42.3%
Computers and peripherals	6,407	4.7%	10,472	4.0%	49,670	9.5%	25,923	9.0%	49,216	9.9%
Lifestyle products	6,612	4.9%	15,723	6.1%	35,693	6.8%	23,706	8.2%	28,532	5.8%
Total for all product categories	**135,422**	**100.0%**	**259,729**	**100.0%**	**522,626**	**100.0%**	**288,779**	**100.0%**	**495,777**	**100.0%**

For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, revenue generated from the sale of our products was approximately HK$135.4 million, HK$259.7 million, HK$522.6 million, HK$288.8 million and HK$495.8 million, respectively.

We have recorded a year-to-year/period-to-period revenue growth of 92.0%, 101.2% and 71.7% respectively. This is largely attributable to the growing consumer preference towards online shopping, in particular, (1) growing number of online shoppers changing attitude towards online shopping on well-developed, reputed and branded e-commerce platform, such as our Group, one of leading market players in the Hong Kong B2C e-commerce industry; (2) our adoption of OMO business which has fostered a one-stop shopping experience for consumers, leading to enhanced customers confidence and loyalty; and (3) our multifaceted marketing and promotion strategy, including various year-round promotional campaigns such as the annual "Double 11 Shopping Festival" and "313 Anniversary Thanksgiving Sales", which boosted up the sales of our products.

Cost of goods sold

Our cost of goods sold primarily represents product costs. For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, our cost of goods sold amounted to approximately HK$102.6 million, HK$206.7 million, HK$432.0 million, HK$235.1 million and HK$422.0 million, respectively, representing approximately 75.7%, 79.5%, 82.6%, 81.4% and 85.0% of our revenue for the same years and periods, respectively.

Gross profit

Our gross profit was approximately HK$32.9 million, HK$53.3 million, HK$91.1 million, HK$53.9 million and HK$74.8 million for FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, respectively, representing gross profit margin of approximately 24.3%, 20.5%, 17.4%, 18.6% and 15.0% for the same years and periods, respectively.

The following table sets forth the breakdown of our gross profit and gross profit margin by sales channel for the years/periods indicated:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
Yoho OMO Business (B2C)										
– Online Retail Sales	17,885	23.1%	34,563	19.6%	68,872	16.7%	39,854	17.7%	58,552	14.8%
– Offline Retail Store Sales	8,517	23.0%	8,863	18.7%	13,437	17.4%	7,902	18.4%	11,620	14.0%
	26,402	23.1%	43,426	19.4%	82,309	16.8%	47,756	17.8%	70,172	14.7%
Offline Bulk Sales (B2B)	6,453	30.7%	9,607	26.4%	8,350	26.3%	5,879	28.5%	3,628	19.8%
Others *(Note)*	–	–	224	100.0%	403	100.0%	226	100%	954	100%
Total	**32,855**	**24.3%**	**53,257**	**20.5%**	**91,062**	**17.4%**	**53,861**	**18.6%**	**74,754**	**15.0%**

Note: Such other revenue was derived from the provision of advertising services during the Track Record Period.

The following table sets forth the breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

Gross profit

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	HK$'000		*HK$'000*		*HK$'000*		*HK$'000* (unaudited)		*HK$'000*	
– Consumer Electronics	2,509	14.2%	4,818	9.5%	10,873	7.9%	4,784	7.7%	11,158	8.4%
– Beauty and health electronic products	11,147	26.9%	16,027	27.3%	25,393	27.7%	14,838	26.1%	18,986	25.2%
– Home appliances	16,421	26.0%	27,894	22.5%	38,505	18.6%	23,714	19.8%	30,023	14.3%
– Computers and peripherals	911	14.2%	1,019	9.7%	4,665	9.4%	2,454	9.5%	4,371	8.9%
– Lifestyle products	1,867	28.2%	3,275	20.8%	11,223	31.4%	7,845	33.1%	9,262	32.5%
Others	–	–	224	100.0%	403	100.0%	226	100%	954	100.0%
Total	**32,855**	**24.3%**	**53,257**	**20.5%**	**91,062**	**17.4%**	**53,861**	**18.6%**	**74,754**	**15.0%**

The following tables set forth the breakdown of our revenue, % of total revenue, gross profit, % of total gross profit and gross profit margin by the top 20 brands based on the aggregated revenue from B2C and B2B during the whole Track Record Period for the years/periods indicated:

	FY18/19					FY19/20					FY20/21				
Brand	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin
	HK$'000		*HK$'000*			*HK$'000*		*HK$'000*			*HK$'000*		*HK$'000*		
Brand A	31	0.0% *(note)*	2	0.0% *(note)*	5.1%	21,564	8.3%	602	1.1%	2.8%	68,346	13.1%	1,930	2.1%	2.8%
Brand B	23,278	17.2%	9,733	29.6%	41.8%	26,782	10.3%	10,445	19.7%	39.0%	26,180	5.0%	10,703	11.8%	40.9%
Brand C	5,357	4.0%	623	1.9%	11.6%	8,815	3.4%	842	1.6%	9.6%	23,468	4.5%	1,468	1.6%	6.3%
Brand D	–	–	–	–	–	436	0.2%	19	0.0% *(note)*	4.4%	28,814	5.5%	2,598	2.9%	9.0%
Brand E	5,600	4.1%	542	1.6%	9.7%	12,173	4.7%	1,275	2.4%	10.5%	19,114	3.7%	2,456	2.7%	12.8%
Brand F	6,957	5.1%	685	2.1%	9.9%	12,741	4.9%	1,008	1.9%	7.9%	17,375	3.3%	1,995	2.2%	11.5%
Brand G	2,266	1.7%	87	0.3%	3.8%	6,794	2.6%	426	0.8%	6.3%	14,062	2.7%	1,053	1.2%	7.5%
Brand H	4,465	3.3%	1,696	5.2%	38.0%	6,448	2.5%	3,172	6.0%	49.2%	11,570	2.2%	5,552	6.1%	48.0%
Brand I	4,955	3.7%	1,150	3.5%	23.2%	7,914	3.0%	1,551	2.9%	19.6%	8,047	1.5%	1,790	2.0%	22.2%
Brand J	784	0.6%	69	0.2%	8.8%	3,410	1.3%	342	0.6%	10.0%	9,078	1.7%	1,007	1.1%	11.1%
Brand K	2,464	1.8%	704	2.1%	28.6%	3,238	1.2%	879	1.7%	27.2%	9,612	1.8%	2,732	3.0%	28.4%
Brand L	1,370	1.0%	183	0.6%	13.4%	2,986	1.1%	261	0.5%	8.7%	6,168	1.2%	442	0.5%	7.2%
Brand M	2,476	1.8%	209	0.6%	8.5%	5,421	2.1%	419	0.8%	7.7%	7,106	1.4%	489	0.5%	6.9%
Brand N	–	–	–	–	–	–	–	–	–	–	13,734	2.6%	5,815	6.4%	42.3%
Brand O	2,095	1.5%	331	1.0%	15.8%	4,935	1.9%	808	1.5%	16.4%	5,034	1.0%	819	0.9%	16.3%
Brand P	2,061	1.5%	284	0.9%	13.8%	3,656	1.4%	428	0.8%	11.7%	5,145	1.0%	735	0.8%	14.3%
Brand Q	441	0.3%	38	0.1%	8.6%	1,533	0.6%	124	0.2%	8.1%	5,170	1.0%	421	0.5%	8.1%
Brand R	2,020	1.5%	217	0.7%	10.7%	3,590	1.4%	383	0.7%	10.7%	5,220	1.0%	507	0.6%	9.7%
Brand S	832	0.6%	74	0.2%	8.9%	2,076	0.8%	174	0.3%	8.4%	4,806	0.9%	376	0.4%	7.8%
Brand T	4,550	3.4%	1,450	4.4%	31.9%	3,050	1.2%	669	1.3%	21.9%	3,781	0.7%	789	0.9%	20.9%
Top 20 brands	72,000	53.2%	18,077	55.0%	25.1%	137,559	53.0%	23,827	44.9%	17.3%	291,829	55.8%	43,676	48.2%	15.0%
Other brands	63,422	46.8%	14,778	45.0%	23.3%	122,170	47.0%	29,206	55.1%	23.9%	230,797	44.2%	46,983	51.8%	20.4%
Total	**135,422**	**100.0%**	**32,855**	**100.0%**	**24.3%**	**259,729**	**100.0%**	**53,033**	**100.0%**	**20.4%**	**522,626**	**100.0%**	**90,659**	**100.0%**	**17.3%**

Note: Figure represents insignificant amount.

Brand	8M20/21 Revenue HK$'000	8M20/21 % of total revenue	8M20/21 Gross profit HK$'000	8M20/21 % of total gross profit	8M20/21 Gross profit margin	8M21/22 Revenue HK$'000	8M21/22 % of total revenue	8M21/22 Gross profit HK$'000	8M21/22 % of total gross profit	8M21/22 Gross profit margin
Brand A	32,027	11.1%	801	1.5%	2.5%	65,185	13.1%	2,674	3.6%	4.1%
Brand B	17,860	6.2%	7,302	13.6%	40.9%	15,399	3.1%	5,460	7.4%	35.5%
Brand C	11,310	3.9%	937	1.7%	8.3%	32,307	6.5%	2,829	3.8%	8.8%
Brand D	5,366	1.9%	202	0.4%	3.8%	27,893	5.6%	1,779	2.4%	6.4%
Brand E	12,182	4.2%	1,534	2.9%	12.6%	16,260	3.3%	1,827	2.5%	11.2%
Brand F	10,577	3.7%	1,169	2.2%	11.0%	14,114	2.8%	1,353	1.8%	9.6%
Brand G	6,252	2.2%	519	1.0%	8.3%	19,550	3.9%	1,617	2.2%	8.3%
Brand H	6,258	2.2%	2,896	5.4%	46.3%	7,689	1.6%	3,555	4.8%	46.2%
Brand I	5,284	1.8%	1,056	2.0%	20.0%	5,856	1.2%	1,158	1.6%	19.8%
Brand J	3,701	1.3%	402	0.7%	10.9%	13,063	2.6%	907	1.2%	6.9%
Brand K	6,062	2.1%	1,619	3.0%	26.7%	8,581	1.7%	2,705	3.7%	31.5%
Brand L	3,844	1.3%	301	0.6%	7.8%	10,329	2.1%	722	1.0%	7.0%
Brand M	3,789	1.3%	271	0.5%	7.2%	5,128	1.0%	356	0.5%	6.9%
Brand N	9,091	3.1%	3,608	6.7%	39.7%	6,311	1.3%	2,535	3.4%	40.2%
Brand O	2,395	0.8%	426	0.8%	17.8%	6,011	1.2%	701	0.9%	11.7%
Brand P	3,174	1.1%	432	0.8%	13.6%	4,854	1.0%	686	0.9%	14.1%
Brand Q	2,350	0.8%	206	0.4%	8.8%	8,029	1.6%	666	0.9%	8.3%
Brand R	3,016	1.0%	279	0.5%	9.3%	4,301	0.9%	381	0.5%	8.8%
Brand S	2,584	0.9%	214	0.4%	8.3%	7,350	1.5%	940	1.3%	12.8%
Brand T	2,538	0.9%	484	0.9%	19.1%	3,221	0.6%	445	0.6%	13.8%
Top 20 brands	149,658	51.8%	24,659	46.0%	16.5%	281,431	56.8%	33,295	45.1%	11.8%
Other brands	139,121	48.2%	28,976	54.0%	20.8%	214,346	43.2%	40,505	54.9%	18.9%
Total	**288,779**	**100.0%**	**53,635**	**100.0%**	**18.6%**	**495,777**	**100.0%**	**73,800**	**100.0%**	**14.9%**

The following tables set forth the breakdown of our revenue, % of total revenue, gross profit, % of total gross profit and gross profit margin by the top 10 products of the corresponding brands on the aggregated revenue from B2C and B2B during the whole Track Record Period for the years/periods indicated:

	FY18/19					FY19/20					FY20/21				
Product	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin
	HK$'000		*HK$'000*			*HK$'000*		*HK$'000*			*HK$'000*		*HK$'000*		
Mobile phones (Brand A)	23	0.0% *(note)*	1	0.0% *(note)*	2.4%	15,938	6.1%	400	0.8%	2.5%	26,319	5.0%	788	0.9%	3.0%
Wireless Bluetooth earphone (Brand A)	–	–	–	–	–	4,009	1.5%	183	0.3%	4.6%	29,063	5.6%	972	1.1%	3.3%
Vacuum cleaners (Brand B)	14,549	10.7%	6,727	20.5%	46.2%	16,236	6.3%	6,698	12.6%	41.3%	13,088	2.5%	5,503	6.1%	42.0%
Video games (Brand D)	–	–	–	–	–	425	0.2%	18	0.0% *(note)*	4.2%	22,908	4.4%	1,784	2.0%	7.8%
HIFU machines (Brand H)	4,465	3.3%	1,696	5.2%	38%	6,416	2.5%	3,172	6%	49.4%	11,569	2.2%	5,551	6.1%	48.0%
Fans (Brand B)	5,705	4.2%	1,679	5.1%	29.4%	7,360	2.8%	2,519	4.7%	34.2%	7,647	1.5%	2,998	3.3%	39.2%
Vacuum cleaners (Brand I)	4,691	3.5%	1,085	3.3%	23.1%	7,153	2.8%	1,385	2.6%	19.4%	6,015	1.2%	1,165	1.3%	19.4%
Treadmills (Brand N)	–	–	–	–	–	–	–	–	–	–	13,734	2.6%	5,815	6.4%	42.3%
Hair dryers (Brand F)	1,412	1.0%	87	0.3%	6.2%	2,635	1.0%	240	0.5%	9.1%	4,487	0.9%	565	0.6%	12.6%
Tablets (Brand A)	–	–	–	–	–	861	0.3%	15	0.0% *(note)*	1.8%	6,149	1.2%	103	0.1%	1.7%
Subtotal	30,845	22.8%	11,275	34.3%	36.6%	61,033	23.5%	14,630	27.6%	24.0%	140,979	27.0%	25,244	27.8%	17.9%
Other products	104,577	77.2%	21,580	65.7%	20.6%	198,696	76.5%	38,403	72.4%	19.3%	381,647	73.0%	65,415	72.2%	17.1%
Total	135,422	100.0%	32,855	100.0%	24.3%	259,729	100.0%	53,033	100.0%	20.4%	522,626	100.0%	90,659	100.0%	17.3%

Note: Figure represents insignificant amount.

Product	8M20/21 Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin	8M21/22 Revenue	% of total revenue	Gross profit	% of total gross profit	Gross profit margin
Mobile phones (Brand A)	11,164	3.9%	62	0.1%	0.6%	27,784	5.6%	1,139	1.5%	4.1%
Wireless Bluetooth earphone (Brand A)	14,911	5.2%	666	1.2%	4.5%	22,602	4.6%	1,035	1.4%	4.6%
Vacuum cleaners (Brand B)	9,529	3.3%	4,063	7.6%	42.6%	6,964	1.4%	2,422	3.3%	34.8%
Video games (Brand D)	4,335	1.5%	158	0.3%	3.6%	20,937	4.2%	1,464	2.0%	7.0%
HIFU machines (Brand H)	6,258	2.2%	2,896	5.4%	46.3%	7,674	1.6%	3,540	4.8%	46.1%
Fans (Brand B)	5,508	1.9%	2,112	3.9%	38.3%	5,557	1.1%	1,849	2.5%	33.3%
Vacuum cleaners (Brand I)	4,459	1.5%	815	1.5%	18.3%	4,049	0.8%	697	0.9%	17.2%
Treadmills (Brand N)	9,091	3.1%	3,608	6.7%	39.7%	6,311	1.3%	2,535	3.4%	40.2%
Hair dryers (Brand F)	2,170	0.8%	288	0.5%	13.3%	5,788	1.2%	543	0.7%	9.4%
Tablets (Brand A)	3,066	1.1%	62	0.1%	2.0%	7,166	1.4%	236	0.3%	3.3%
Subtotal	70,491	24.4%	14,730	27.5%	20.9%	114,832	23.2%	15,460	20.9%	13.5%
Other products	218,288	75.6%	38,905	72.5%	17.8%	380,945	76.8%	58,340	79.1%	15.3%
Total	288,779	100.0%	53,635	100.0%	18.6%	495,777	100.0%	73,800	100.0%	14.9%

Notes:

(1) Brand A is a leading multinational technology company with headquarters based in the U.S, principally engaged in the supply of products including mobile phones, mobile accessories, earphone and electronics watches, tablets, mini personal computers, computers and peripherals, and home appliances.

(2) Brand B is a company based in Japan, principally engaged in the supply of home appliances such as vacuum cleaners, fans and air purifiers.

(3) Brand C is a multinational conglomerate corporation with headquarters based in Japan, principally engaged in the supply of consumer electronics, home appliances and beauty and health electronic products including electronic shavers, electronic toothbrushes, facial cleansing device and hair removal devices.

(4) Brand D is a multinational consumer electronics and video game company based in Japan, principally engaged in the supply of products including video games, controller and steering devices, video games consoles and gaming accessories.

(5) Brand E is a multinational electronic company with headquarters based in the Netherlands, principally engaged in the supply of beauty and health electronic products including electronic shavers, electronic toothbrushes, facial cleansing device, hair removal devices, and home appliances.

(6) Brand F is a multinational conglomerate corporation with headquarters based in United Kingdom, principally engaged in the supply of home appliances such as vacuum cleaners, fans, air purifiers, and beauty electronic products such as hair dryers and airwrap.

(7) Brand G is a multinational company with headquarters based in Korea, principally engaged in the supply of products including mobile phones, mobile accessories, tablets, mini personal computers, computers and peripherals and home appliances.

(8) Brand H is a company based in Korea, principally engaged in the supply of beauty electronic products including high-intensity focused ultrasound technology device.

(9) Brand I is a company based in Japan, principally engaged in the supply of home appliances such as vacuum cleaners, fans and air purifiers.

(10) Brand J is a multinational conglomerate corporation with headquarters based in Korea, principally engaged in the supply of electronics and home appliances such as refrigerators, washing machines, air conditioners and televisions and computers and peripherals.

(11) Brand K is a multinational beauty company based in Sweden, principally engaged in the supply of beauty and health electronic products including electronic toothbrushes and facial cleansing device.

(12) Brand L is a multinational conglomerate corporation with headquarters based in Japan, principally engaged in the supply of home appliances such as refrigerators, washing machines, air conditioners and vacuum cleaners.

(13) Brand M is a group of autonomous multinational companies in a varies of industries, including the supply of home appliances such as refrigerators, air-conditioners, fans, cookers, water purifiers, based in Japan.

(14) Brand N is the brand of a company based in the PRC, principally engaged in the supply of treadmills.

(15) Brand O is a company based in Hong Kong, principally engaged in the supply of home appliances such as blenders, cookers, ovens, electric water heaters and ventilators.

(16) Brand P is a company based in Germany, principally engaged in the supply of home appliances, beauty and health electronic products including electronic shavers and hair removal devices.

(17) Brand Q is a multinational corporation with headquarters based in the U.S., principally engaged in the supply of home appliances such as refrigerators, washing machines and microwaves.

(18) Brand R is a company based in the U.S., principally engaged in the supply of home appliances such as air conditioners.

(19) Brand S is a multinational consumer electronics company based in Japan, principally engaged in the supply of products including phones, mobile accessories, earphone and electronics watches and cameras, home appliances including televisions and speakers, and computers.

(20) Brand T is a beauty company based in Japan, principally engaged in the supply of beauty and health electronic products including radio frequency devices and optical beauty machine.

During the Track Record Period, benefited from our rapid development and growth in revenue by both sales channel and product categories and resulting from growing customer preference towards online shopping, our well-developed, reputed and branded Yoho E-commerce Platform, our Yoho OMO business and our multifaceted promotions, our gross profit increased by 62.1% for FY19/20, and further increased by 71.0% and 38.8% for FY20/21 and 8M21/22 respectively. On the other hand, with our widened product portfolio to satisfy higher demand for our products, such as certain consumer electronics and home appliances of major brands with lower profit margin, and various year-round promotional campaigns which offered different discounts to maintain competitive pricing, our gross profit margin decreased from approximately 24.3% for FY18/19 to approximately 20.5% for FY19/20 and further decreased to approximately 17.4% for FY20/21 and decreased from 18.6% for 8M20/21 to 15.0% for 8M21/22 respectively. Detailed analysis on the decline in gross profit margin is elaborated below.

The gross profit margin of consumer electronics decreased from approximately 14.2% for FY18/19 to approximately 9.5% for FY19/20, and further decreased to approximately 7.9% for FY20/21 and increased from 7.7% for 8M20/21 to 8.4% for 8M21/22 respectively. The decrease was mainly due to (1) the higher demand for certain popular new products, such as certain mobile phones, mobile accessories, earphone and electronics watches of Brand A during FY19/20 and FY20/21 respectively; (2) video games, controller and steering devices, video games consoles and gaming accessories of Brand D introduced during FY20/21 respectively; and (3) other consumer electronics products from other major brands, which had relatively lower profit margins. The slight increase in gross profit margin of consumer electronics to 8.4% for 8M21/22 was mainly due to the improvement of the gross profit margin of other consumer electronics products from other major brands and the increase in gross profit margin of certain products of a brand of Brand A during 8M21/22.

The gross profit margin of beauty and health electronic products remained stable at 26.9%, 27.3%, 27.7%, 26.1% and 25.2% during FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22 respectively. The slight decrease in gross profit margin during 8M21/22 was due to (1) the higher demand for certain popular products, such as hair dryer and airwrap of Brand F during 8M21/22, which had relatively lower profit margins; (2) a drop in our gross profit margin of beauty and health electronic products supplied by certain brand owners; and (3) other beauty and health electronic products from other major brands which had relatively lower profit margins.

With our product portfolio of major appliances widened to satisfy different customer needs, the gross profit margin of home appliances decreased from approximately 26.0% for FY18/19 to approximately 22.5% for FY19/20, and further decreased to approximately 18.6% for FY20/21 and decreased from 19.8% for 8M20/21 to 14.3% for 8M21/22 respectively. It was mainly due to the higher demand for certain major appliances of major brands, such as televisions, air conditioners and refrigerators mainly of brand of Japanese multinational conglomerate corporations during FY19/20, kitchen appliances during FY20/21, 8M20/21 and 8M21/22 respectively, which had relatively lower profit margins.

In particular, the gross profit margin of home appliances decreased from 19.8% for 8M20/21 to 14.3% for 8M21/22, which was mainly attributable to decrease in sales on exclusive vacuum cleaners supplied from Brand B which had higher profit margins, increase in sales on major appliances, such as air conditioners, televisions, refrigerators and washing machines which had lower profit margins, and decrease in sales on disinfectant-water making machines and air purifiers which had higher profit margins.

The decrease in gross profit margin of computers and peripherals from approximately 14.2% for FY18/19 to approximately 9.7% for FY19/20, and further decreased to 9.4% for FY20/21 and from 9.5% for 8M20/21 to 8.9% for 8M21/22 respectively was mainly due to the higher demand for certain popular new products, such as tablets and mini personal computers of Brand A during FY19/20, laptops and tablets during FY20/21, 8M20/21 and 8M21/22 respectively, which had relatively lower profit margins.

The decrease in gross profit margin of lifestyle products from approximately 28.2% for FY18/19 to approximately 20.8% for FY19/20 was mainly due to increased sales of UV steriliser, massage gun and mask with lower profit margin in FY19/20 due to outbreak of COVID-19. There was an increase in sales of UV sterilisers and masks with lower profit margin as we intended to accelerate the turnover and avoid over-stocking in addressing the unexpected surging demand for these products during the earlier stage of the outbreak of COVID-19. There was also an increase in sales of massage guns with lower profit margin as we intended to lower the price in addressing the keen competition of this product type. The gross profit margin rebounded to 31.4% for FY20/21, 33.1% for 8M20/21 and 32.5% for 8M21/22 respectively, which was mainly due to increased sales of treadmill of Brand N with higher profit margin, where we have the exclusive right of distribution.

Our gross profit margin of other revenue derived from provision of advertising services was 100% in both FY19/20, FY20/21, 8M20/21 and 8M21/22 respectively, which was mainly due to minimal cost incurred from provision of advertising services to the supplier or our business partners on Yoho E-commerce Platform and/or at our retail store.

Our Proactive Market Share Acquisition Strategy and the Decreasing Trend in our Gross Profit Margin until the Last Quarter of FY20/21 (i.e. January 2021)

In recent years, our Group has been progressively built into a sizeable business, having established a considerable customer base and scale of operation and acquired the status as one of the key market players in the Hong Kong B2C e-commerce industry. The rounds of pre-IPO investments completed in 2019 and 2021 have further enriched our financial resources and strengthened our capacity. All of these positive developments have rendered us primed to carry on our growth momentum and expand our prominence and competitiveness in the market for sustainable long-term development, by means of proactively increasing our market share.

Historically, our Group had recorded much higher gross profit margins in respect of exclusively distributed products and certain products falling within the beauty and health electronic product category. During the Track Record Period, our exclusively distributed products had yielded gross profit margins ranging from approximately 38.8% to 43.1%, and beauty and health electronic products had generated gross profit margins ranging from approximately 25.2% to 27.7%. Higher gross profit margins were recorded in respect of those products exclusively distributed by us because (1) on the procurement side, we enjoyed stronger bargaining power vis-à-vis the suppliers when negotiating the purchase prices; and (2) on the sales side, we were in a position to determine the selling prices in the Hong Kong market given that the products were not available on other local e-commerce platforms. As regards beauty and healthcare electronic products, higher gross profit margins were recorded because, as confirmed by F&S, customers purchasing such products are generally less price-sensitive. The exclusively distributed products and beauty and health electronic products had given our overall gross profit margin a material lift, as their associated gross profit margins were significantly above the average level of our products.

As a facet of our proactive market share acquisition strategy, we have been widening our product portfolio for better alignment with the diverse demand in the market for Consumer Electronics and Home Appliances. A particular focus has been put on (1) consumer electronics, in order to establish ourselves as a leading retailer of electronic products in the Hong Kong B2C e-commerce industry; and (2) popular products of major brands (across different categories of Consumer Electronics and Home Appliances) that are of broad appeal and in significant demand, in order to gain wider and higher public recognition (albeit the more intense market competition among retailers of the popular major brand products). This strategy is consistent with our mission to become a household name well-recognised for offering a wide range of quality products at affordable prices under the motto "you name it, we've got it (就係友和, 乜都有嘅!)". During the Track Record Period, the number of brands of products we had sold had increased from 753 for FY18/19 to 1,023 for FY19/20 and 1,309 for FY20/21, and from 1,137 for 8M20/21 to 1,284 for 8M21/22. Comparatively speaking, during the Track Record Period, we had recorded lower gross profit margins in respect of popular products of major brands in the product categories of Consumer Electronics and Home Appliances, where the gross profit margins attributable to the top 20 brands' products (excluding exclusively distributed products and beauty and health electronic products) ranged from approximately 2.8% to 23.2%, with an average gross profit margin of 8.3%. In line with our management's expectations, following their addition to our product portfolio, the sales of these consumer electronics and popular major brand products (which typically carry lower gross profit margins) have increased at a higher rate than our other products which typically carry higher gross profit margins as explained in the preceding paragraph. In addition, at the initial stage of our business expansion to introduce popular major brands products, due to the lack of track record and our relatively limited operating scale and brand awareness, for certain popular major brand products, we were often not recognised by the brand owners as top-tier distributors that would be entitled to advantageous trade terms, leading to higher procurement costs and thus thinner margins from the sales of such products. Therefore, the continuous expansion of product portfolio has driven down the overall gross profit margin of our Group in the short term. This was the principal factors that had driven the decrease in our gross profit margin from FY18/19 until the last quarter of FY20/21 (i.e. January 2021).

Since January 2021, the gross profit margin of our Group has largely stabilised at around 15.0% because (1) we have been selling certain popular major brand products for some years and the growth rate of sales of these products (which carry lower gross profit margins) (the "**low-GPM products**") has slowed down; therefore, it is observed that the growth rate of sales of products carrying low profit margins in our product portfolio has become more comparable with the growth rate of sales of our other products which carry higher gross profit margins since FY20/21, thereby resulting in the stabilisation of our overall gross profit at around 15.0%; (2) we have established stable business relationships with our suppliers, and become able to procure certain low-GPM products from either the brand owners themselves or their first-tier distributors directly given our larger purchase quantity, which led to increases in gross profit margins for those low-GPM products; and (3) with our leading market position and increased purchase quantity, we have become able to achieve economic of scales and procure products at lower costs with stronger bargaining power vis-à-vis our suppliers.

There were some fluctuations in our gross profit margin in April and May 2021, when a number of market players had been making active efforts to gain a foothold in the Hong Kong B2C e-commerce market through the launches of their own online shopping platforms servicing local consumers. These included both newcomers and established e-commerce platform operators from other markets. The range of promotions and discounts launched and offered by such new market participants had brought to our Group a certain degree of pricing pressure, and called for flexible pricing adjustments and launches of promotional campaigns (with the offer of larger discounts) by our Group in order to stay competitive in the market and continue our proactive market share acquisition strategy. As a result, there was a further drop in our gross profit margins across different product categories during April and May 2021, in which we had recorded exceptionally lower gross profit margins overall. However, it turned out that the intensification of market competition was not as significant as originally expected. In view of this, we did not continue to adopt the aggressive pricing strategies, and our overall gross profit margin had recovered to around 15.0% for the rest of 8M21/22.

Our Directors acknowledge that the overall gross profit margin of our Group has been driven down as a result of the addition of certain consumer electronics and popular major brand products to our product portfolio and the temporary competitive pricing adjustments in response to the market competition. Our Directors are of the view that the long-term benefits associated with these strategies should outweigh the costs: notwithstanding the impact on overall gross profit margin, these strategies could enhance our market position and brand awareness and thus drive continuous and sustainable growth in our business scale and revenue, favouring our long-term business development. It is also our Directors' target to maintain our Group's overall gross profit margin (excluding the effects of our new marketplace operations) at approximately 15.0% in order to maintain a healthy level of profitability while continuing our market share acquisition and revenue growth strategy. Our Directors also expect that the factors set forth in the paragraphs above underlying the stabilisation of our gross profit margin since January 2021 will remain valid and relevant for the remaining months of FY21/22 after the Track Record Period and for FY 22/23. Taking into account the aforesaid target and factors, our Directors consider that it is reasonable for our Group to maintain our overall gross profit margin (excluding the effects of our new marketplace operations to be launched in FY22/23) at the prevailing level for the near future.

Other income

Our other income consists of bank interest income, government grants and sundry income. For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, we had other income of approximately HK$1,000, HK$107,000, HK$3.3 million, HK$3.2 million and HK$2,000, respectively. During FY20/21, we received government grants of approximately HK$3.1 million in relation to the outbreak of COVID-19, mainly being the wage subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government aimed to provide temporary financial support to employers to retain employees who may otherwise be made redundant due to the outbreak of COVID-19. During the Track Record Period, we generated bank interest income of approximately HK$1,000, HK$107,000, HK$178,000, HK$151,000 and HK$2,000 respectively.

The following table sets forth the breakdown of our other income for the years/periods indicated:

	FY18/19	**FY19/20**	**FY20/21**	**8M20/21**	**8M21/22**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Bank interest income	1	107	178	151	2
Government grants	–	–	3,089	3,089	–
Sundry income	–	–	2	2	–
	1	107	3,269	3,242	2

Other gains and losses

Our other gains and losses consists of fair value change in derivative financial instrument, fair value change in convertible redeemable preferred shares and net foreign exchange gain (loss). For FY18/19, FY20/21, 8M20/21 and 8M21/22, we had other losses of approximately HK$540,000, HK$112,000, HK$127,000 and HK$11.5 million, respectively. For FY19/20, we had other gains of approximately HK$684,000.

The following table sets forth the breakdown of our other gains and losses for the years/periods indicated:

	FY18/19	FY19/20	FY20/21	8M20/21	8M21/22
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Fair value change in derivative financial instrument	(774)	692	–	–	–
Fair value change in convertible redeemable preferred shares	–	–	–	–	(11,495)
Net foreign exchange gain (loss)	234	(8)	(112)	(127)	32
	(540)	684	(112)	(127)	(11,463)

The fair value change in derivative financial instrument in FY18/19 and FY19/20 was resulted from the measurement of fair value change in call options granted to Beyond Ventures Vehicle followed by Beyond Ventures' invitation to ITVFC to co-invest in the subscription of further Series A preferred shares of Yoho E-Commerce in 2019. For details of our derivative financial instruments, see Note 25(a) to the Accountants' Report in Appendix I to this prospectus.

The fair value change in convertible redeemable preferred shares in 8M21/22 was resulted from the issuance of the Series A preferred shares which could be converted into ordinary shares at the option of holders at any time, or upon the consummation of QIPO, all the Series A Preferred Shares shall automatically be converted into ordinary shares of the Company in accordance with conversion rate of one ordinary share of the Company for each Series A Preferred Share held. For details of convertible redeemable preferred share, see Note 25(b) to the Accountants' Report in Appendix I to this prospectus.

The net foreign exchange gain (loss) was mainly resulted from our Group's purchase of inventories denominated in currencies other than Hong Kong dollar.

Valuation of financial liabilities

Management of the Company

Our Group has a certain amount of financial liabilities at fair value through profit or loss categorised within level 3 of fair value measurement from different rounds of fund raising activities. In particular, our Group has instituted internal control policies on the valuation procedures in accordance with relevant standards under "Hong Kong Financial Reporting Standards" and SFC's Valuation Guidance, "Guidance note on directors duties in the context of valuations in corporate transactions". Our Group has its own selection criteria in selecting suitable valuer that is an Independent Third Party, including but not limited to their reputation, competence, resources and relevant expertise.

Mr. Wu, an Executive Director of the Company, oversees the valuation procedures, and together with the finance department of our Group, have performed the following procedures, namely:

(i) reviewed the valuer's qualification and experience and the scope of work of the valuer's mandate before its engagement;

(ii) provided all material information likely to affect the valuation as part of the instructions to the valuer so that the valuation can take into account all relevant matters;

(iii) reviewed the valuation methodologies and valuation report on which the valuation was based;

(iv) participated in due diligences and discussion with the valuer about the key bases and assumptions contained in the valuation report; and

(v) read and reconfirmed the accuracy of the relevant notes in the historical financial information, as set forth in Appendix I to this prospectus.

Reporting Accountants

For the purpose of expressing opinion on the historical financial information of the Group as a whole set out on Appendix I to this prospectus, the reporting accountants conducted the work in accordance with Hong Kong Standards on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

Sole Sponsor

The Sole Sponsor has conducted, among others, the following due diligence work in respect of our Group's valuation of financial liabilities:

(i). discussed with the Company regarding its valuation of the relevant financial liabilities, including but not limited to, its internal control procedures and risk management measures in this area, the valuation methods adopted for the valuation of the relevant financial liabilities and whether the valuation reports have complied with its internal control procedures and risk management measures;

(ii). further discussed with the Company to understand that the Company has complied with its internal control procedures and risk management measures in respect of valuation of financial liabilities during the Track Record Period;

(iii). discussed with the reporting accountants of the Company, about its work performed on the historical financial information of our Group as set forth in Appendix I to this prospectus;

(iv). obtained from the Company, and reviewed, the underlying valuation reports in respect of the Group's relevant material financial liabilities during the Track Record Period; and (v). reviewed work performed by the internal control consultants and findings in respect of the Group's internal control procedures and risk management measures regarding valuation of financial liabilities.

Selling and distribution expenses

Our selling and distribution expenses primarily consist of marketing and promotion expenses, staff cost, logistics and storage cost, transaction cost, depreciation of property, plant and equipment and depreciation of right-of-use assets. For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, our selling and distribution expenses amounted to approximately HK$11.2 million, HK$22.1 million, HK$44.9 million, HK$26.1 million and HK$43.4 million, respectively, representing approximately 8.3%, 8.5%, 8.6%, 9.0% and 8.7% of our revenue for the same years and periods, respectively. During the Track Record Period, our transaction cost mainly represented the transactions cost charged by online payment services providers. During the Track Record Period, our logistics and storage cost mainly represented the transportation cost and storage cost of major appliances charged by independent third party service providers.

The following table sets forth the breakdown of our selling and distribution expenses for the years/periods indicated:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
							(unaudited)			
Marketing and promotion expenses	1,779	15.8%	4,330	19.6%	9,573	21.3%	5,968	22.9%	9,620	22.2%
Staff cost	3,471	30.9%	6,157	27.9%	9,431	21.0%	5,750	22.0%	7,211	16.6%
Logistics and storage cost	2,992	26.6%	5,755	26.0%	14,431	32.1%	7,739	29.6%	13,850	31.8%
Transaction cost	1,794	15.9%	2,553	11.5%	5,752	12.8%	3,064	11.7%	6,850	15.8%
Depreciation of property, plant and equipment	65	0.6%	195	0.9%	471	1.0%	308	1.2%	766	1.8%
Depreciation of right-of-use assets	765	6.8%	2,498	11.3%	4,040	9.0%	2,543	9.7%	3,924	9.0%
Others	383	3.4%	626	2.8%	1,248	2.8%	767	2.9%	1,207	2.8%
Total	11,249	100.0%	22,114	100.0%	44,946	100.0%	26,139	100.0%	43,428	100.0%

Costs/Expenses of our Group settled by our Executive Directors

Background

During the Track Record Period, our Group had incurred and settled certain selling and distribution and administrative expenses and costs of inventories, primarily through certain credit cards in the name of our Executive Directors and co-founders, Mr. Wu and Ms. Tsui, for administrative convenience (the "**Arrangement**"). The relevant selling and distribution and administrative expenses involved under the Arrangement, which primarily consisted of our marketing and distribution expenses, logistics and storage costs and other miscellaneous expenses, amounted to approximately HK$2.3 million, HK$5.2 million, HK$10.8 million and HK$8.4 million for FY18/19, FY19/20, FY20/21 and 8M21/22, respectively, which amounted to 13.0%, 16.1%, 17.9% and 14.5% of our total selling and distribution and administrative expenses during the Track Record Period. The costs of goods sold involved under the Arrangement, which were primarily procurement costs paid to certain suppliers of our Group, amounted to approximately HK$0.6 million, HK$0.7 million, HK$0.5 million and nil for FY18/19, FY19/20, FY20/21 and 8M21/22, respectively, which amounted to 0.6%, 0.3%, 0.1% and nil of our total costs of goods sold during the Track Record Period.

We have completely ceased the Arrangement, respectively for (i) the settlement of the costs of goods sold since August 2020; and (ii) the settlement of the selling and distribution and administrative expenses of our Group since November 2021.

We adopted the Arrangement prior to the Track Record Period for convenience and efficiency. As our Yoho OMO Business, which was co-founded by Mr. Wu and Ms. Tsui, first started as a small private business with relatively limited manpower and resources, the Arrangement allowed our Group greater flexibility in our business operations.

Under the Arrangement, certain credit cards in the name of Mr. Wu and Ms. Tsui were principally used for the business operations of our Group, although Mr. Wu also used such credit cards for personal purposes, such amounts involved were insignificant.

When the Arrangement was in place, our Group adopted the following proper and preventive internal control measures and procedures:

- in relation to our selling and distribution and administrative expenses,

  (1) *Initiation of transactions*

  the procurement of relevant services are generally arranged for and initiated by our respective operations teams (including the marketing team, warehousing team, and administration and finance team); where Mr. Wu and Ms. Tsui had to be involved, their role was limited to provision of credit cards for settlement of the relevant expenses;

(2) *Payment of expenses*

(a) for most of our marketing, logistics and other office expenses settled via the Arrangement, autopay had been set up using Mr. Wu's personal credit card when the Arrangement was in place;

(b) for certain logistics costs settled via the Arrangement, our administrative supervisor had been provided with the details of Mr. Wu's personal credit card and was authorised to settle the invoices obtained from our service providers' websites without Mr. Wu's direct involvement;

(c) the administrative supervisor had custody of the credit card of Ms Tsui for settlement of our office expenses.

In the above expense payment processes, neither payment request from us to Mr. Wu or Ms. Tsui, nor notification from Mr. Wu or Ms. Tsui to us was required.

(3) *Recording of expenses, and reimbursements to Mr. Wu and Ms. Tsui*

(a) for those monthly settled expenses, invoices from our service providers were received by the accountant of our administration and finance team, and our administration and finance team would perform checking on the documents, record the expenses in our accounting system and arrange payment.

In particular, for marketing and logistics expenses payable to certain service providers with regular and material amounts of transaction, the administrative supervisor of our administration and finance team held the log-in details (such as account name and password) for accessing the accounts via our service providers' websites. On a monthly basis, our administrative supervisor would download the invoices and statements for the services from those websites and pass the same to the accountant of our administration and finance team. Our accountant would record the expenses based on those invoices to ensure that all the expenses were accurately recorded in our accounts;

(b) our financial controller would also perform monthly review of the expense line items in our financial statements, including, among others, the logistics and marketing expenses in respect of each major service provider. Expenses for the current month would also be compared with the previous month's amount to assess reasonableness. Our financial controller would follow up on the inconsistencies noted, if any, through discussions with the relevant operations teams to find out the reason; and

(c) our administration and finance team would perform reconciliation between invoices received by our Group and the payment receipt provided by Mr. Wu or Ms. Tsui before making reimbursements to them. The control ensured that reimbursement payments to Mr. Wu and Ms. Tsui were only made for valid expenses and recorded in our accounts.

The exact amount of the selling and distribution expenses incurred by our Group were ascertainable from documentary evidence received from independent sources, i.e. our service providers, for accounting and reimbursement purposes. Through the above procedures, any potential material misstatement of the expense items could be identified for further investigation and be rectified.

Hence, we had been well aware of and kept fully informed about such transactions throughout, even in the absence of notification by Mr. Wu or Ms. Tsui, and no reliance had been placed on any such notification for the proper recording of such expenses in our Group's accounting system; and

- in relation to our costs of inventories,

(1) *Initiation of transactions*

(a) our procurement team takes care of our daily procurement operations and arrange for transactions;

(b) our procurement team would create and input purchase orders (the "**POs**") information in our system in connection with the respective purchases made by our procurement team or Mr. Wu on our Group's behalf

(2) *Warehousing workflow*

each batch of inventories received by us would be admitted to our warehouse(s) only if the item number and the quantity matched the PO information in our system. In case of any inconsistency, our warehousing and logistics team would contact our procurement team to identify the variance and to update the PO details before the inventories could be stocked. The system would reject the stock admission request if the quantity of goods received by our Group input to our system was larger than the ordered amount or the product code input to the system was inaccurate. The existence of such preventive controls ensured the PO information in our system tallied with the inventories received by us, and enhanced the accuracy of the inventory records in our system;

(3) *Payment of costs of inventories, reimbursements to Mr. Wu, and recording of costs of inventories and costs of sales*

(a) to make sure that payments were only made to the suppliers of inventory items that had actually been ordered and received by us, three-way matching between the PO information in our system, inventory receipt records in our system and invoice(s) issued by our suppliers is performed by our administration and finance team before the settlement of each invoice for our inventory purchases. Based on the matching PO identified and the inventory admission records, our administration and finance team would then arrange for payment to the relevant supplier or (as the case may be) reimbursements to Mr. Wu for the costs of the batch of inventories ordered and received;

(b) costs of sales were automatically calculated and recorded in our system when a sales order was created. Besides, our system would not allow the creation of sales order for any item with no inventory record in our system. Error message would appear in our sales system when a sales order contained a quantity larger than the inventory quantity or when the item code did not appear in the system. This automated control was implemented to ensure that all costs of sales would be matched with relevant sales orders and our inventory records and only valid products could be sold; and

(c) at the end of each period, our administration and finance team and procurement team would perform reconciliation and checking of the sales orders, and make adjustment to the unfulfilled orders that were either (i) not yet delivered as at the period end due to logistics arrangements or (ii) pre-orders. Those orders were recorded as a liability in our financial statements as a receipt in advance. The control aimed to make sure the cut-off of the sales orders were accurately recorded.

The above workflow, as a whole, served to ensure that no inventories would be admitted to our Group's warehouses without the corresponding PO being identified, and sales of our inventories can only be made if the inventories had been properly recorded in our system. Hence, items in our inventories that had been purchased by Mr. Wu on our behalf would not possibly be left unidentified, even in the absence of initial notification from Mr. Wu. In turn, there would be no unrecorded purchase or costs of inventories in our financial statements, and all requisite payments or reimbursements for inventory procurement could be duly made. Throughout above processes, no reliance had to be placed on any notification from Mr. Wu for the proper recording of inventory procurement in our accounting system.

The IC Consultant of our Group reviewed the design of our internal control policies and procedures on the Arrangement during the Track Record Period and is not aware of any material issues and irregularities. Based on the above mentioned internal control procedures, our Directors are of the view, and the Sole Sponsor concurs, that the accounting records of our Group during the Track Record Period were complete and the relevant internal control measures were adequate.

As confirmed by our Directors, saved as the disclosed above, no other related parties of our Group had any similar Arrangement during the Track Record Period and up to the Latest Practicable Date.

Enhanced internal control measures to prevent re-occurrence

To prevent further re-occurrence of any similar Arrangement, we have enhanced our internal control measures:

- we have enhanced our internal control manual to require all the receipts and payments must be made through corporate accounts and no personal accounts could be opened and used. As of the Latest Practicable Date, such manual had become effective and the relevant staff of our Group had been notified; and

- the financial controller and financial manager of our Group shall, under the supervision of our chief financial officer, closely monitor all the operations of our Group to ensure that no personal account is opened and used by our Group by (i) checking all accounting records to detect whether any personal bank account is involved in the receipt or payment of funds and (ii) reviewing all bank statements of the corporate accounts of our Group to detect any abnormal or unauthorised transfer of funds. In case of any indication of use of personal accounts for the receipt of payment of costs/expenses of our Group, they should report to the chief financial officer immediately.

Our IC Consultant is not aware of any material issues and irregularities with respect to our internal control policies and procedures regarding the Arrangement. Moreover, our IC Consultant confirms that, despite the short implementation period as at the Latest Practicable Date, our enhanced internal control measures are implemented, for the following reasons:

- the Arrangement has ceased since November 2021; and

- we have enhanced our internal control manual to require all the making and receiving of payments be made through corporate accounts and no personal bank accounts shall be opened and used.

Impact to our Group upon cessation of the Arrangement

Our Directors consider, and the Sole Sponsor concurs, that the cessation of the Arrangement has no material adverse effect on our business operations, liquidity and financial performance of our Group taking into account that (i) the operations of all of our businesses as well as our business relationship with our customers and suppliers have remained normal since such cessation; (ii) the Arrangement was merely a payment arrangement of the Group to settle certain purchases or expenses of the Group solely for administrative convenience purposes, and did not have any impact on the consolidated financial statements of the Group; and (iii) the amounts involved under the Arrangement during the Track Record Period were not significant relative to the bank balance and cash of the Group during the Track Record Period, and in particular we had approximately HK$106.4 million of bank balances and cash as at 31 December 2021.

Administrative expenses

Our administrative expenses primarily consist of staff cost, depreciation of property, plant and equipment, depreciation of right-of-use assets and auditor's remuneration. For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, our administrative expenses amounted to approximately HK$6.4 million, HK$10.2 million, HK$15.3 million, HK$9.2 million and HK$14.6 million, respectively, representing approximately 4.7%, 3.9%, 2.9%, 3.2% and 2.9% of our revenue for the same years and periods, respectively.

The following table sets forth the breakdown of our administrative expenses for the years/periods indicated:

	FY18/19		FY19/20		FY20/21		8M20/21		8M21/22	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000*	%
Staff cost	5,290	82.4%	8,474	82.9%	11,878	77.6%	6,985	75.9%	10,877	74.3%
Depreciation of property, plant and equipment	70	1.1%	115	1.1%	234	1.5%	141	1.5%	197	1.3%
Depreciation of right-of-use assets	460	7.2%	616	6.0%	841	5.5%	535	5.8%	1,006	6.9%
Auditor's remuneration	45	0.7%	45	0.4%	45	0.3%	30	0.3%	30	0.2%
Others	555	8.6%	966	9.6%	2,302	15.1%	1,524	16.5%	2,525	17.3%
Total	6,420	100.0%	10,216	100.0%	15,300	100.0%	9,215	100.0%	14,635	100.0%

Finance Costs

Our finance costs consist of interest on lease liabilities. For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, our finance costs amounted to approximately HK$31,000, HK$112,000, HK$236,000, HK$146,000 and HK$289,000, respectively.

Income tax expense

For the Track Record Period, Hong Kong profits tax was calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of the major subsidiaries of our Group and at 16.5% on the estimated assessable profits above HK$2,000,000. The profits of other subsidiaries not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

The Company's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK$20,000 for each of the years during the Track Record Period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which our Group operates, based on the then existing legislation, interpretation and practices in respect thereof.

The following table sets forth the breakdown of our income tax expense for the years/periods indicated:

	FY18/19	**FY19/20**	**FY20/21**	**8M20/21**	**8M21/22**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current tax:					
– Hong Kong Profits Tax	2,335	3,235	5,004	2,851	2,808
Deferred tax charge	9	47	–	–	–
Income tax expense	2,344	3,282	5,004	2,851	2,808

For FY18/19, FY19/20, FY20/21, 8M20/21 and 8M21/22, our effective tax rate was approximately 16.0%, 15.2%, 14.8%, 13.3% and -25.2%, respectively.

We recorded effective tax rate of -25.2% for 8M21/22, primarily due to the recognition of fair value change in convertible redeemable preferred shares of HK$11.5 million and Listing expenses of HK$16.1 million which are not deducible for tax purpose.

For details of our income tax expense, see Note 9 to the Accountants' Report in Appendix I to this prospectus.

Profit (loss) for the year/period

Our profit for the year/period was approximately HK$12.3 million, HK$18.3 million, HK$28.7 million and HK$18.6 million for FY18/19, FY19/20, FY20/21 and 8M20/21 respectively, representing the net profit margin of approximately 9.1%, 7.0%, 5.5% and 6.4% for the same years and period, respectively. We recorded net loss of HK$13.9 million for 8M21/22, primarily due to the recognition of fair value change in convertible redeemable preferred shares of HK$11.5 million and Listing expenses of HK$16.1 million.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Comparison of 8M21/22 to 8M20/21

Revenue

Our revenue increased by approximately HK$207.7 million from approximately HK$289.0 million for the 8M20/21 to approximately HK$496.7 million for 8M21/22, representing an increase of approximately 71.9%. The increase in our revenue was primarily due to the increase in revenue through online sales and offline retail store sales in the Yoho OMO Business. Such increase in revenue in the Yoho OMO Business from approximately HK$268.1 million for 8M20/21 to approximately HK$477.5 million for 8M21/22 (in particular, the growth of the revenue of online retail sales on Yoho E-commerce Platform of approximately 75.2% from HK$225.2 million for 8M20/21 to HK$394.5 million for 8M21/22) was mainly due to (i) the increase in various operating data including our active customers, number of completed orders, number of repeat customers and basket value per order in 8M21/22 as compared to that of 8M20/21; (ii) our Group's continuing proactive market share acquisition strategy and its product portfolio expansion strategy resulting in increase in brand diversity in terms of number of brands of products sold from 1,137 in 8M20/21 to 1,284 in 8M21/22; (iii) increase in marketing campaigns with an increase of marketing and promotion expenses from HK$6.0 million in 8M20/21 to HK$9.6 million in 8M21/22 resulting in increase in brand awareness and customer bases of our Group; (iv) more and lengthened promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods and (v) implementation of supportive government policies including the consumption voucher scheme. Our sales through offline bulk sales decreased by 11.2% from HK$20.6 million in 8M20/21 to HK$18.3 million in 8M21/22, mainly due to the fact that our sales strategy focuses on B2C under our Yoho OMO Business models, which put more resources, such as marketing promotion and sales personnel, on B2C business. Regarding marketing promotion, the marketing campaigns run by our Group mainly focused on B2C e-commerce industry rather than offline bulk sales, such as promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods online. Regarding sales personnel, there was an allocation of our manpower from corporate sales team (mainly responsible for the corporate client and B2B business) to other departments or functions of the Group for further development of our B2C business, resulting in fewer senior personnel who was responsible for sourcing large-scale corporate client and decrease in headcount from two as at 30 November 2020 to one as at 30 November 2021 in the corporate sales team.

Cost of goods sold

Our cost of goods sold increased by approximately HK$186.9 million from approximately HK$235.1 million for 8M20/21 to approximately HK$422.0 million for 8M21/22, representing an increase of approximately 79.5%. The increase in our cost of goods sold was primarily in line with revenue growth for the same period.

Gross profit

Our gross profit increased by approximately HK$20.9 million from approximately HK$53.9 million for 8M20/21 to approximately HK$74.8 million for 8M21/22, representing an increase of approximately 38.8% which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, our gross profit margin decreased from approximately 18.6% for 8M20/21 to approximately 15.0% for 8M21/22, mainly due to our continuous expansion of product portfolio, a more aggressive position in our pursuit of competitive pricing and launches of promotional campaigns during 8M21/22, which became new dimensions of our proactive market share acquisition strategy. Our adoption of competitive pricing and active launches of promotional campaigns, coupled with the effect of ongoing product portfolio expansion, resulted in a further drop in our gross profit margins across different product categories in 8M21/22, including products supplied by brand owners to us on an exclusive basis in respect of which our gross profit margin had remained relatively stable from FY18/19 to FY20/21. For details, please see "Financial information — Description of certain line items of the consolidated statements of profit or loss and other comprehensive income — Gross profit" in this prospectus.

Other income

Our other income decreased from approximately HK$3.2 million for 8M20/21 to approximately HK$2,000 for 8M21/22 primarily due to the recognition of government grants of approximately HK$3.1 million for 8M20/21, mainly including the wage subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government.

Other gains and losses

We recorded other losses of approximately HK$127,000 and HK$11.5 million for 8M20/21 and 8M21/22 respectively. The increase in other losses was mainly due to the fair value change in convertible redeemable preferred shares of HK$11.5 million for 8M21/22.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately HK$17.3 million from approximately HK$26.1 million for 8M20/21 to approximately HK$43.4 million for 8M21/22, representing an increase of approximately 66.3%. The increase in our selling and distribution expenses was primarily due to (i) the increase in marketing and promotion expenses attributable to the increase in our promotion on search engine platforms, online media platforms and TV commercials platforms, which is to expand our prominence and proactively increase our market share and competitiveness in the market for sustainable development in the long-term with our enriched financial resources from the rounds of pre-IPO investments completed in 2019 and 2021. During 8M21/22, a number of market players have been making active efforts to gain a foothold in the Hong Kong B2C e-commerce market through the launches of their own online shopping platforms servicing local consumers. Accordingly, our Group has increased the marketing spending from HK$6.0 million for 8M20/21 to HK$9.6 million for 8M21/22 on both online marketing platforms, including online search engine platforms and online media platforms, from HK$4.9 million for 8M20/21 to HK$8.0 million for 8M21/22, and offline marketing platforms, including offline advertisement such as TV commercials and banner on bus, from HK$1.1 million for 8M20/21 to HK$1.6 million for 8M21/22 , in order to maintain the Group's competitiveness and brand awareness; (ii) the increase in logistics and storage cost charged by the third party service providers due to the increase in orders of the Group of approximately 44.5% from 8M20/21 to 8M21/22, including the increase in the proportion of major appliance and (iii) the increase in transaction cost charged by online payment services, which was in line with the increase in number of orders we received of approximately 44.5% from 8M20/21 to 8M21/22, and the growth in revenue of approximately 71.9% from 8M20/21 to 8M21/22, for the same period.

Administrative expenses

Our administrative expenses increased by approximately HK$5.4 million from approximately HK$9.2 million for 8M20/21 to approximately HK$14.6 million for 8M21/22, representing an increase of approximately 58.7%. The increase in our administrative expenses was primarily due to (i) the increase in staff cost as a result of the increase in headcount from 75 in 8M20/21 to 94 in 8M21/22 due to the business growth and future expansion including the increase in headcount of customer service staff from 8 in 8M20/21 to 12 in 8M21/22, with an increase of staff cost of approximately HK$0.3 million, and procurement team staff from 11 in 8M20/21 to 13 in 8M21/22, with an increase of staff cost of approximately HK$0.8 million, as well as the preparation of Listing by recruiting two management staff (comprising the chief financial officer and a strategy and corporate development manager) and three finance staff (comprising an assistant finance manager, a senior accountant and a part-time finance manager), with an increase of staff cost of approximately HK$1.6 million.

Finance costs

Our finance costs increased from approximately HK$146,000 for 8M20/21 to approximately HK$289,000 for 8M21/22, representing the increase in the interest on lease liabilities attributable to the increase of lease liabilities.

Income tax expense

Our income tax expense decreased by approximately HK$0.1 million from approximately HK$2.9 million for 8M20/21 to approximately HK$2.8 million for 8M21/22, representing a decrease of approximately 3.4%, primarily due to the decrease in profit before tax for the same period. Our effective tax rate was approximately 13.3% and approximately -25.2% for 8M20/21 and 8M21/22, respectively.

Notwithstanding we recorded the loss before tax of HK$11.1 million, the income tax expense of HK$2.8 million was recognised and hence we recorded effective tax rate of -25.2% for 8M21/22. It is mainly due to the recognition of fair value change in convertible redeemable preferred shares of HK$11.5 million and Listing expenses of HK$16.1 million which are not deducible for tax purpose.

Profit (loss) for the period

As a result of the foregoing, our profit/(loss) for the period decreased by approximately HK$32.5 million from net profit of approximately HK$18.6 million for 8M20/21 to net loss of approximately HK$13.9 million for 8M21/22. Our net profit (loss) margin decreased from approximately 6.4% for 8M20/21 to approximately -2.8% for 8M21/22.

Comparison of FY20/21 to FY19/20

Revenue

Our revenue increased by approximately HK$263.0 million from approximately HK$260.0 million for FY19/20 to approximately HK$523.0 million for FY20/21, representing an increase of approximately 101.2%. The increase in our revenue was primarily due to the increase in revenue through online sales and offline retail store sales in the Yoho OMO Business. Such increase in revenue in the Yoho OMO Business from approximately HK$223.4 million for FY19/20 to approximately HK$490.9 million for FY20/21 (in particular, the growth of the revenue of online retail sales on Yoho E-commerce Platform of approximately 134.9%) was mainly due to (i) the increase of our active customers from approximately 115,000 during FY19/20 to approximately 212,000 during FY20/21; (ii) the increase in number of completed orders from approximately 182,000 for FY19/20 to approximately 346,000 for FY20/21; (iii) the increase in number of repeat customers and revenue attributable to repeat customers from approximately HK$149.3 million for FY19/20 to approximately HK$346.7 million for FY20/21; (iv) the increase in basket value per order received from approximately HK$1,263 for FY19/20 to approximately HK$1,463 for FY20/21; (v) the full-year revenue contribution generated from our offline retail store sales at our Cheung Sha Wan Flagship Store opened in December 2019; (vi) increase in brand diversity in terms of number of brands of products sold from 1,023 in FY19/20 to 1,309 in FY20/21; (vii) increase in consumer preference towards online shopping particularly as a result of the prevalence of COVID-19, with increase in e-commerce penetration in Hong Kong from 5.0% in FY19/20 to 6.9% in FY20/21, in particular Consumer Electronics and Home Appliances segment from 20.1% in FY19/20 to 22.2% in FY20/21; (viii) increase in marketing campaigns with an increase of marketing and promotion expenses from HK$4.3 million in FY19/20 to HK$9.6 million in FY20/21 resulting in increase in brand awareness and customer bases of our Group; and (ix) more and lengthened promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods. Our sales through offline bulk sales decreased by 12.7% from HK$36.4 million in FY19/20 to HK$31.7 million in FY20/21, mainly due to the fact that our sales strategy focuses on B2C under our Yoho OMO Business models, which put more resources, such as marketing promotion and sales personnel on B2C business. Regarding marketing promotion, the marketing campaigns run by our Group mainly focused on B2C e-commerce industry rather than offline bulk sales, such as promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods online. Regarding sales personnel, there was an allocation of our manpower from corporate sales team (mainly responsible for the corporate client and B2B business) to other departments or functions of the Group for further development of our B2C business, resulting in fewer senior personnel who were responsible for sourcing large-scale corporate client and fewer headcount from three as at 31 March 2020 to one as at 31 March 2021 in the corporate sales team.

Cost of goods sold

Our cost of goods sold increased by approximately HK$225.3 million from approximately HK$206.7 million for FY19/20 to approximately HK$432.0 million for FY20/21, representing an increase of approximately 109.0%. The increase in our cost of goods sold was primarily due to the increase in product costs, which were in line with revenue growth for the same period.

Gross profit

Our gross profit increased by approximately HK$37.8 million from approximately HK$53.3 million for FY19/20 to approximately HK$91.1 million for FY20/21, representing an increase of approximately 71.0% which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, with our widened product portfolio to satisfy higher demand for our products, such as certain consumer electronics and home appliances of major brands with lower profit margins, and various year-round promotional campaigns which offered various products with competitive pricing, our gross profit margin decreased from approximately 20.5% for FY19/20 to approximately 17.4% for FY20/21. It was mainly due to (1) the higher demand for certain popular new products, such as certain mobile phones, mobile accessories, earphone and electronics watches of Brand A during FY19/20 and FY20/21; (2) video games, controller and steering devices, video games consoles and gaming accessories of Brand D introduced during FY20/21; and (3) other consumer electronics products from other major brands, which had relatively lower profit margins. For details, please see "Financial information — Description of certain line items of the consolidated statements of profit or loss and other comprehensive income — Gross profit" in this prospectus.

Other income

Our other income increased from approximately HK$107,000 for FY19/20 to approximately HK$3.3 million for FY20/21 mainly due to the increase in government grants of approximately HK$3.1 million, mainly including the wage subsidy under the Employment Support Scheme, an anti-epidemic fund launched by the Hong Kong Government.

Other gains and losses

We recorded other gains of approximately HK$684,000 for FY19/20 and other losses of approximately HK$112,000 for FY20/21. The change in other gains and losses was mainly due to the increase in net foreign exchange loss.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately HK$22.8 million from approximately HK$22.1 million for FY19/20 to approximately HK$44.9 million for FY20/21, representing an increase of approximately 103.2%. The increase in our selling and distribution expenses was primarily due to (i) the increase in marketing and promotion expenses attributable to the increase in our promotion on search engine platforms and online media platforms; (ii) the increase in logistics and storage cost charged by the third party service providers and (iii) the increase in transaction cost charged by online payment services, which was in line with the increase in number of orders we received and the growth in revenue for the same period and (iv) the increase in depreciation of right-of-use assets attributable to the lease of our Cheung Sha Wan Flagship Store, and the new warehouse in 2020.

Administrative expenses

Our administrative expenses increased by approximately HK$5.1 million from approximately HK$10.2 million for FY19/20 to approximately HK$15.3 million for FY20/21, representing an increase of approximately 49.8%. The increase in our administrative expenses was primarily due to the increase in staff cost as a result of the increase in headcount from 61 in FY19/20 to 71 in FY20/21 due to the business growth.

Finance costs

Our finance costs increased from approximately HK$112,000 for FY19/20 to approximately HK$236,000 for FY20/21, representing the increase in the interest on lease liabilities.

Income tax expense

Our income tax expense increased by approximately HK$1.7 million from approximately HK$3.3 million for FY19/20 to approximately HK$5.0 million for FY20/21, representing an increase of approximately 52.5%, primarily due to the increase in profit before tax for the same period. Our effective tax rate was approximately 15.2% and approximately 14.8% for FY19/20 and FY20/21, respectively.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately HK$10.4 million from approximately HK$18.3 million for FY19/20 to approximately HK$28.7 million for FY20/21, representing an increase of approximately 56.8%. Our net profit margin decreased from approximately 7.0% for FY19/20 to approximately 5.5% for FY20/21. The decrease in net profit margin was primarily due to the decrease in gross profit margin as mentioned above.

Comparison of FY19/20 to FY18/19

Revenue

Our revenue increased by approximately HK$124.6 million from approximately HK$135.4 million for FY18/19 to approximately HK$260.0 million for FY19/20, representing an increase of approximately 92.0%. The increase in our revenue was primarily due to the increase in revenue through online sales and offline retail store sales in the Yoho OMO Business. Such increase in revenue in the Yoho OMO Business from approximately HK$114.4 million for FY18/19 to approximately HK$223.4 million for FY19/20 was mainly due to (i) the increase in our active customers from approximately 66,000 during FY18/19 to approximately 115,000 during FY19/20; (ii) the increase in the number of completed orders from approximately 95,000 for FY18/19 to approximately 182,000 for FY19/20; (iii) the increase in the number of repeat customers and revenue attributable to repeat customers from approximately HK$64.3 million for FY18/19 to approximately HK$149.3 million for FY19/20; (iv) additional revenue generated from our offline retail store sales at our Cheung Sha Wan Flagship Store opened in December 2019; and our offline bulk sales attributable to increase in demand for our product with exclusive right from our corporate clients; (v) increase in brand diversity in terms of number of brands of products sold from 753 in FY18/19 to 1,023 in FY19/20; (vi) increase in consumer preference towards online shopping, with increase in e-commerce penetration in Hong Kong from 3.7% in FY18/19 to 5.0% in FY19/20, in particular Consumer Electronics and Home Appliances segment from 15.0% in FY18/19 to 20.1% in FY19/20; (vii) increase in marketing campaigns resulting in increase in brand awareness and customer bases with an increase of marketing and promotion expenses from HK$1.8 million in FY18/19 to HK$4.3 million in FY19/20; and (viii) more promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods.

Cost of goods sold

Our cost of goods sold increased by approximately HK$104.1 million from approximately HK$102.6 million for FY18/19 to approximately HK$206.7 million for FY19/20, representing an increase of approximately 101.5%. The increase in our cost of goods sold was primarily due to the increase in product costs, which were in line with the increase in revenue for the same period.

Gross profit

Our gross profit increased by approximately HK$20.4 million from approximately HK$32.9 million for FY18/19 to approximately HK$53.3 million for FY19/20, representing an increase of approximately 62.1% which was mainly due to our rapid development and revenue growth mentioned above. Furthermore, with our widened product portfolio to satisfy higher demand on our products, such as certain consumer electronics and home appliances of major brands with lower profit margins, and various year-round promotional campaigns which offered different discounts to maintain competitive pricing, our gross profit margin decreased from approximately 24.3% for FY18/19 to approximately 20.5% for FY19/20. In particular, the gross profit margin of home appliances decreased from approximately 26.0% for FY18/19 to approximately 22.5% for FY19/20, which was mainly due to the higher demand for certain major appliances of major brands, such as televisions, air conditioners and refrigerators mainly of Brand C during FY19/20. For details, please see "Financial information — Description of certain line items of the consolidated statements of profit or loss and other comprehensive income — Gross profit" in this prospectus.

Other income

Our other income increased from approximately HK$1,000 for FY18/19 to approximately HK$107,000 for FY19/20 mainly due to the increase in bank interest income.

Other gains and losses

We recorded other losses of approximately HK$540,000 for FY18/19 and other gains of approximately HK$684,000 for FY19/20. The change in other gains and losses was mainly due to the increase in fair value gain in derivative financial instrument resulted from the measurement of fair value change in call options granted to Beyond Ventures Vehicle followed by Beyond Ventures' invitation to co-invest in the subscription of further Series A Preferred Shares of Yoho E-commerce in 2019.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately HK$10.9 million from approximately HK$11.2 million for FY18/19 to approximately HK$22.1 million for FY19/20, representing an increase of approximately 96.6%. The increase in our selling and distribution expenses was primarily due to (i) the increase in marketing and promotion expenses attributable to the increase in our promotion on search engine platforms and online media platforms; (ii) the increase in logistics and storage cost charged by the third party courier service providers and (iii) the increase in transaction cost charged by online payment services, which was in line with the increase in number of orders we received and the growth in revenue for the same period and (iv) the increase in depreciation of right-of-use assets attributable to the lease of our Cheung Sha Wan Flagship Store.

Administrative expenses

Our administrative expenses increased by approximately HK$3.8 million from approximately HK$6.4 million for FY18/19 to approximately HK$10.2 million for FY19/20, representing an increase of approximately 59.1%. The increase in our administrative expenses was primarily due to the increase in staff cost as a result of the increase in headcount from 36 in FY18/19 to 61 in FY19/20 due to the business growth.

Finance costs

Our finance costs increased from approximately HK$31,000 for FY18/19 to approximately HK$112,000 for FY19/20, representing the increase in the interest on lease liabilities.

Income tax expense

Our income tax expense increased by approximately HK$1.0 million from approximately HK$2.3 million for FY18/19 to approximately HK$3.3 million for FY19/20, representing an increase of approximately 40.0%, primarily due to the increase in profit before tax for the same period. Our effective tax rate was approximately 16.0% and approximately 15.2% for FY18/19 and FY19/20, respectively.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately HK$6.0 million from approximately HK$12.3 million for FY18/19 to approximately HK$18.3 million for FY19/20, representing an increase of approximately 49.3%. Our net profit margin decreased from approximately 9.1% for FY18/19 to approximately 7.0% for FY19/20. The decrease in net profit margin were primarily due to the decrease in gross profit margin as mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we had generally funded our liquidity and capital requirements primarily through cash generated from operating activities, the proceeds from investments by Beyond Ventures Vehicle and ITVFC in 2019 and the proceeds from issue of convertible redeemable preferred shares to 2021 Pre-IPO Investors. As at 31 March 2019, 2020 and 2021 and 30 November 2020 and 2021, we had bank balances and cash of approximately HK$9.6 million, HK$43.2 million, HK$38.5 million, HK$46.8 million and HK$112.7 million, respectively.

We require cash primarily for our operation and general working capital needs. Going forward, we expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from our operations, net proceeds from the Global Offering, bank balances and cash as well as other possible equity and debt financings as and when appropriate.

Cash flows of our Group

The following table sets forth the selected cash flow data from the consolidated statements of cash flows for the years/periods indicated:

	FY18/19	FY19/20	FY20/21	8M20/21	8M21/22
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating cash flows before movements in working capital	16,802	24,629	39,754	25,131	7,647
Increase in trade receivables	(866)	(323)	(2,116)	(5,676)	(4,550)
Increase in other receivables, deposits and prepayments	(1,204)	(7,776)	(276)	(5,833)	(5,298)
Increase in inventories	(7,061)	(16,779)	(35,044)	(24,590)	(2,535)
Increase in trade payables	1,785	3,588	20,377	5,547	10,451
Increase in other payables and accruals	934	1,947	929	1,290	9,088
Increase (decrease) in contract liabilities	933	7,253	(948)	11,466	10,378
Cash generated from operations	11,323	12,539	22,676	7,335	25,181
Income taxes (paid) refund	(3,738)	(1,888)	(4,680)	(491)	446
Net cash from operating activities	7,585	10,651	17,996	6,844	25,627
Net cash used in investing activities	(1,891)	(785)	(575)	(751)	(4,494)
Net cash from (used in) financing activities	(2,109)	23,722	(23,068)	(2,458)	53,962
Net increase (decrease) in cash and cash equivalents	3,585	33,588	(5,647)	3,635	75,095
Cash and cash equivalents at beginning of the year/period	6,035	9,620	43,208	43,208	37,561
Cash and cash equivalents at end of the year/period	9,620	43,208	37,561	46,843	112,656
Represented by:					
Bank balances and cash	9,620	43,208	38,525	46,843	112,656
Bank overdraft	–	–	(964)	–	–
	9,620	43,208	37,561	46,843	112,656

Net cash generated from operating activities

For 8M21/22, we had net cash from in operating activities of approximately HK$25.6 million, mainly as a result of (i) loss before taxation of approximately HK$11.1 million, adjusted mainly by fair value change in convertible redeemable preferred shares of approximately HK$11.5 million, increase in trade payables of approximately HK$10.5 million, increase in contract liabilities of approximately HK$10.4 million, increase in other payables and accruals of approximately HK$9.1 million, and depreciation of right-of-use assets of approximately HK$4.9 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly the increase in other receivables, deposits and prepayments of approximately HK$5.3 million, increase in trade receivables of approximately HK$4.6 million, and increase in inventories of approximately HK$2.5 million.

For 8M20/21, we had net cash generated from operating activities of approximately HK$6.8 million, mainly as a result of (i) profit before taxation of approximately HK$21.5 million; (ii) adjusted by mainly the increase in contract liabilities of approximately HK$11.5 million, increase in trade payables of approximately HK$5.5 million, increase in other payables and accruals of approximately HK$1.3 million, and depreciation of right-of-use assets of approximately HK$3.1 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly the increase in inventories of approximately HK$24.6 million, increase in other receivables, deposits and prepayments of approximately HK$5.8 million, and increase in trade receivables of approximately HK$5.7 million.

For FY20/21, we had net cash generated from operating activities of approximately HK$18.0 million, mainly as a result of (i) profit before taxation of approximately HK$33.7 million; (ii) adjusted by mainly increase in trade payables of approximately HK$20.4 million and increase in other payables and accruals of approximately HK$0.9 million, depreciation of right-of-use assets of approximately HK$4.9 million, depreciation of property, plant and equipment of approximately HK$0.7 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly the increase in inventories of approximately HK$35.0 million, income taxes paid of approximately HK$4.7 million, increase in trade receivable of approximately HK$2.1 million and decrease in contract liabilities of HK$0.9 million.

For FY19/20, we had net cash generated from operating activities of approximately HK$10.7 million, mainly as a result of (i) profit before taxation of approximately HK$21.6 million; (ii) adjusted by mainly increase in contract liabilities of HK$7.3 million, increase in trade payable of HK$3.6 million, depreciation of right-of-use assets of approximately HK$3.1 million and increase in other payables and accruals of HK$1.9 million and depreciation of property, plant and equipment of approximately HK$0.3 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly the increase in inventories of approximately HK$16.8 million, increase in other receivables, deposits and prepayments of approximately HK$7.8 million and income taxes paid of approximately HK$1.9 million.

For FY18/19, we had net cash generated from operating activities of approximately HK$7.6 million, mainly as a result of (i) profit before taxation of approximately HK$14.6 million; (ii) adjusted by mainly increase in trade payables of HK$1.8 million, depreciation of right-of-use assets of approximately HK$1.2 million, increase in other payables and accruals of HK$0.9 million and increase in contract liabilities of HK$0.9 million; and (iii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly the increase in inventories of approximately HK$7.1 million, income taxes paid of approximately HK$3.7 million, increase in other receivables, deposits and prepayment of HK$1.2 million and increase in trade receivables of approximately HK$0.9 million.

Net cash used in investing activities

For 8M21/22, we had net cash used in investing activities of approximately HK$4.5 million, which primarily consists of purchases of property, plant and equipment of approximately HK$4.5 million.

For 8M20/21, we had net cash used in investing activities of approximately HK$0.8 million, which primarily consists of purchases of property, plant and equipment of approximately HK$0.9 million, partially offset by the interest received of HK$0.2 million.

For FY20/21, we had net cash used in investing activities of approximately HK$0.6 million, which primarily consists of purchases of property, plant and equipment of approximately HK$1.0 million, interest received of HK$0.2 million, and repayment from a director of approximately HK$0.2 million.

For FY19/20, we had net cash used in investing activities of approximately HK$0.8 million, which primarily consists of purchases of property, plant and equipment of approximately HK$2.3 million, advance to a director of approximately HK$0.2 million and repayment from a director of approximately HK$1.6 million.

For FY18/19, we had net cash used in investing activities of approximately HK$1.9 million, which primarily consists of advance to a director of approximately HK$1.6 million and purchases of property, plant and equipment of HK$0.3 million.

Net cash generated from (used in) financing activities

For 8M21/22, we had net cash from financing activities of approximately HK$54.0 million, which primarily consists of proceeds from issue of convertible redeemable preferred shares of approximately HK$64.1 million and advance from a director of approximately HK$7.5 million, partially offset by payment of Listing expense of HK$3.2 million, repayments of leases liabilities and related finance cost of approximately HK$5.2 million and repayments to a director of approximately HK$8.8 million.

For 8M20/21, we had net cash used in financing activities of approximately HK$2.5 million, which primarily consists of repayments of leases liabilities and related finance cost of approximately HK$2.5 million.

For FY20/21, we had net cash used in financing activities of approximately HK$23.1 million, which primarily consists of (i) dividends paid of approximately HK$20.2 million; and (ii) repayments of leases liabilities and related finance cost of approximately HK$4.4 million, partially offset by advances from a director of approximately HK$1.5 million.

For FY19/20, we had net cash from financing activities of approximately HK$23.7 million, which primarily consists of (i) proceeds from issue of shares of approximately HK$26.5 million, partially offset by repayments of leases liabilities and related finance cost of approximately HK$2.7 million.

For FY18/19, we had net cash used in financing activities of approximately HK$2.1 million, which primarily consists of (i) dividends paid of approximately HK$16.1 million; and (ii) repayments to a director of approximately HK$7.7 million, partially offset by proceeds from issue of shares of approximately HK$23.5 million.

As at 31 March 2021, we recorded HK$0.9 million of bank overdraft, and entire balance were settled after 31 March 2021.

DISCUSSION OF SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, plant and equipment

During the Track Record Period, our property, plant and equipment consisted mainly of leasehold improvements, office furniture and equipment and computer equipment. We had property, plant and equipment of approximately HK$0.5 million, HK$2.5 million, HK$2.8 million and HK$6.3 million as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

Our property, plant and equipment increased from approximately HK$0.5 million as at 31 March 2019 to approximately HK$2.5 million as at 31 March 2020 primarily due to the increase in leasehold improvements (net of depreciation for the year) of approximately HK$1.9 million for our Cheung Sha Wan Flagship Store.

Our property, plant and equipment increased from approximately HK$2.5 million as at 31 March 2020 to approximately HK$2.8 million as at 31 March 2021 primarily due to the increase in leasehold improvements (net of depreciation for the year) of approximately HK$0.4 million for the moving of our office.

Our property, plant and equipment increased from approximately HK$2.8 million as at 31 March 2021 to approximately HK$6.3 million as at 30 November 2021 primarily due to the increase in leasehold improvements, furniture and equipment and computer equipment (net of depreciation for the period) of approximately HK$3.5 million for the relocation of Kwun Tong Store in June 2021.

For details of our property, plant and equipment, see Note 14 to the Accountants' Report in Appendix I to this prospectus.

Right-of-use assets

Our right-of-use assets represent lease of office premises, warehouses and retail stores for our operations. We had right-of-use assets of approximately HK$2.6 million, HK$11.7 million, HK$16.8 million and HK$21.3 million at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

Our right-of-use assets increased from approximately HK$2.6 million as at 31 March 2019 to approximately HK$11.7 million as at 31 March 2020 primarily due to the leasing of our Cheung Sha Wan Flagship Store during FY19/20.

Our right-of-use assets increased from approximately HK$11.7 million as at 31 March 2020 to approximately HK$16.8 million as at 31 March 2021 primarily due to the our newly leased office and the leasing of new warehouse during FY20/21.

Our right-of-use assets increased from approximately HK$16.8 million as at 31 March 2021 to approximately HK$21.3 million as at 30 November 2021 primarily due to the leasing of new Kwun Tong Store during 8M21/22.

For details of our right-of-use assets, see Note 15 to the Accountants' Report in Appendix I to this prospectus.

Deposits — Non-current portion

We had deposits of approximately HK$0.6 million, HK$1.0 million, HK$2.4 million and HK$3.4 million which presented as non-current assets as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

Our deposits increased from approximately HK$0.6 million as at 31 March 2019 to approximately HK$1.0 million as at 31 March 2020 primary due to the payment of the deposit for the lease of our Cheung Sha Wan Flagship Store during FY19/20.

Our deposits increased from approximately HK$1.0 million as at 31 March 2020 to approximately HK$2.4 million as at 31 March 2021 primary due to the increase in the deposit paid to certain retail distributors as suppliers as per their request and the payment of additional deposit for the leases for the moving of our office and new warehouse during FY20/21.

Our deposits increased from approximately HK$2.4 million as at 31 March 2021 to approximately HK$3.4 million as at 30 November 2021 primary due to the payment of additional deposit for the leases of the new Kwun Tong Store.

For details of our deposits, see Note 18 to the Accountants' Report in Appendix I to this prospectus.

Inventories

We had inventories of approximately HK$15.8 million, HK$32.3 million, HK$66.9 million and HK$68.8 million as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

Our inventories increased from approximately HK$15.8 million as at 31 March 2019 to approximately HK$32.3 million as at 31 March 2020 and further increased to approximately HK$66.9 million as at 31 March 2021 and HK$68.8 million as at 30 November 2021 primarily due to (i) the increase in procurement as a result of the increase in customers' demand for products we offered, which was largely in line with the increase in overall revenue generated from the sales under the Yoho OMO Business; and (ii) the increase in major appliances and consumer electronics in the product portfolio with higher product cost.

The table below sets forth an ageing analysis of inventories (before allowance on inventories):

	As at 31 March			As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 90 days	13,065	23,271	47,088	54,232
91 to 365 days	2,451	8,616	17,701	11,059
1 to 1.5 years	266	388	2,157	3,489
Over 1.5 years	162	448	820	1,390
	15,944	32,723	67,766	70,170

Our inventories aged over 90 days increased from approximately HK$2.8 million as at 31 March 2019 to approximately HK$9.4 million as at 31 March 2020 and further increased to approximately HK$20.7 million as at 31 March 2021 primarily due to (i) the increase in procurement as a result of the continuous and robust growth in our revenue during the Track Record Period; (ii) more bulk purchase made by us from suppliers to obtain more favourable purchase price to maintain our competitiveness in the industry; and (iii) the increase in product procurement from foreign suppliers to minimise the impact of disruption in the supply chain as a result of COVID-19 where certain countries limit their transportation and logistics to contain the pandemic. Our inventories aged over 90 days decreased from HK$20.7 million as at 31 March 2021 to HK$15.9 million as at 30 November 2021, primarily due to more promotional campaigns launched in collaboration with several financial institutions and financial technology companies which offered different discounts to customers, leading more long aged inventories were sold during 8M21/22.

The following table sets forth our average inventories turnover days:

	FY18/19	**FY19/20**	**FY20/21**	**8M21/22**
Inventories turnover days *(Note)*	44	42	42	39

Note: Inventories turnover days were calculated based on the average of the opening and closing inventories divided by cost of goods sold for the relevant year/period multiplied by 365 days for FY18/19, FY19/20 and FY20/21 and 244 days for 8M21/22 respectively.

Our inventories turnover days remained relatively stable at approximately 44, 42, 42 and 39 days for the Track Record Period, respectively.

As at the Latest Practicable Date, approximately HK$65.2 million or 92.9% of inventories as at 30 November 2021 were subsequently sold.

In particular, the Group's inventories aged over a year amounted to approximately HK$4.9 million as at 30 November 2021. Approximately HK$4.5 million or 91.8% of which were subsequently sold up to Latest Practicable Date.

In relation to the unsold inventories of HK$4.9 million aged over a year as at 30 November 2021, in the opinion of our Directors, there was no material recoverability issues with such outstanding inventories and considered the inventory provision made is sufficient based on the following factors: (i) as regards approximately HK$4.5 million of unsold inventories which consist of 648 SKUs, these SKUs had subsequent sales records after 30 November 2021 and up to Latest Practicable Date with the selling price higher than the purchase cost; (ii) as regards approximately HK$0.4 million of unsold inventories which consist of 258 SKUs, our Group had conducted the market research and noted that such products are available in the market and their selling price offered by the peers are higher than our cost of inventories; (iii) approximately HK$1.4 million of provision inventories impairment had been provided by the Group as at 30 November 2021; and (iv) our Group will regularly monitor the current market conditions of these products and arrange more marketing and promotion plans to boost the sales of such long-aged inventories.

Trade receivables

During the Track Record Period, our Group generally granted credit terms of 30 days to its B2B customers and Reward Scheme Platforms under B2B2C model. As at 31 March 2019, 2020 and 2021 and 30 November 2021, we had trade receivables of approximately HK$3.5 million, HK$3.9 million, HK$6.0 million and HK$10.5 million, respectively. The balance of trade receivables mainly represented the outstanding amounts receivable from (i) the payment gateway companies which were involved in processing the customers' transaction under Yoho E-commerce Platform; (ii) B2B customers; and (iii) the Reward Scheme Platforms under B2B2C model.

Our trade receivables increased from approximately HK$3.5 million as at 31 March 2019 to approximately HK$3.9 million as at 31 March 2020 and further to approximately HK$6.0 million and HK$10.5 million as at 31 March 2021 and 30 November 2021 respectively, which was attributable to the increasing trend of sales during FY2019, FY2020 and FY2021 and 8M2021.

For the trade receivables which further increased from approximately HK$6.0 million as at 31 March 2021 to approximately HK$10.5 million as at 30 November 2021, this is largely due to the substantial revenue attributable to a promotional campaign launched in November 2021 in collaboration with a financial institution whereby special discounts were offered to those customers using the designated payment methods and our Group were given subsidies from that financial institution for such collaboration. Thus, there was an increase in outstanding amounts receivable from the payment gateway company which was involved in processing the customers/transaction under Yoho E-commerce Platform and the subsidies receivable from the financial institution.

The table below sets forth an ageing analysis of trade receivables, based on the invoice date and net of allowance for impairment losses:

	As at 31 March			**As at 30 November**
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	2,546	2,395	4,634	9,037
31 to 60 days	986	807	840	1,105
61 to 90 days	3	–	251	252
Over 90 days	1	657	250	131
	3,536	3,859	5,975	10,525

The following table sets forth our average trade receivables turnover days:

	FY18/19	**FY19/20**	**FY20/21**	**8M21/22**
Trade receivables turnover days *(Note)*	**8**	**5**	**3**	**4**

Note: Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by revenue for the relevant year/period multiplied by 365 days for FY18/19, FY19/20 and FY20/21 and 244 days for 8M21/22 respectively.

During the Track Record Period, our trade receivables turnover days were within the general credit terms granted by our Group.

As at the Latest Practicable Date, approximately HK$10.2 million or 97.0% of trade receivables as at 30 November 2021 had been subsequently settled by our customers.

Other receivables, deposits and prepayments — Current portion

Our other receivables, deposits and prepayments represent rental and utilities deposits, prepayments and deposits to suppliers, deferred issue costs and other receivables and deposits. As at 31 March 2019, 2020 and 2021 and 30 November 2021, we had other receivables, deposits and prepayments of approximately HK$2.6 million, HK$10.0 million, HK$8.9 million and HK$18.1 million which presented as current assets, respectively.

Our other receivables, deposits and prepayments increased from approximately HK$2.6 million as at 31 March 2019 to approximately HK$10.0 million as at 31 March 2020 and decreased to approximately HK$8.9 million as at 31 March 2021 and increased to HK$18.1 million as at 30 November 2021. The increase in our other receivables, deposits and prepayments as at 31 March 2020 was primarily due to the increase in prepayment and deposits to suppliers by approximately HK$4.3 million, which was in line with the increase in procurement due to the increase in demand for the products we offered to our customers. The decrease in our other receivables, deposits and prepayments as at 31 March 2021 was mainly due to less prepayment to suppliers at year-ended date. The increase in our other receivables, deposits and prepayments as at 30 November 2021 was mainly due to (i) increase in other receivables, deposits and prepayments by approximately HK$5.0 million, mainly representing increased amounts received from customers in advance by payment gateway companies, for which control of the relevant goods has not been transferred, following increased order placed by customers during a promotional campaign launched in November 2021 in collaboration with a financial institution whereby there was an increase in number of goods not transferred to customers yet as at 30 November 2021, (ii) increase in deferred issue costs by approximately HK$4.9 million which would be charged to equity upon the Listing; and (iii) partially offset by the decrease in prepayments and deposits to suppliers by approximately HK$1.7 million.

For details of our other receivables, deposits and prepayments, see Note 18 to the Accountants' Report in Appendix I to this prospectus.

Trade payables

As at 31 March 2019, 2020 and 2021 and 30 November 2021, we had trade payables of approximately HK$3.3 million, HK$6.9 million, HK$27.2 million and HK$37.7 million, respectively. During the Track Record Period, normal trade credit terms granted to our Group were ranging from 0 to 30 days from the date of invoice.

Our trade payables increased from approximately HK$3.3 million as at 31 March 2019 to approximately HK$6.9 million as at 31 March 2020 primarily due to the increase in product procurement during FY19/20 to satisfy higher demand for our products.

Our trade payables increased from approximately HK$6.9 million as at 31 March 2020 to approximately HK$27.2 million as at 31 March 2021 primarily due to the increase in product procurement during FY20/21 as a result of the increase in demand for our products, and better trade credit terms granted by our suppliers to our Group due to our good reputation during FY20/21.

Our trade payables increased from approximately HK$27.2 million as at 31 March 2021 to approximately HK$37.7 million as at 30 November 2021 primarily due to longer credit terms granted by our suppliers to our Group due to our good reputation.

The table below sets forth an ageing analysis of trade payables presented based on the invoice date at the end of each year/period:

	As at 31 March			As at 30 November
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	3,154	5,446	25,573	32,037
31 to 60 days	110	1,286	1,327	3,771
61 to 90 days	–	–	25	880
Over 90 days	15	135	319	1,007
	3,279	6,867	27,244	37,695

The following table sets forth our average trade payables turnover days:

	FY18/19	FY19/20	FY20/21	8M21/22
Trade payables turnover days *(Note)*	**8**	**9**	**14**	**19**

Note: Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of goods sold for the relevant year/period multiplied by 365 days for FY18/19, FY19/20 and FY20/21 and 244 days for 8M21/22 respectively.

During the Track Record Period, our trade payables turnover days were within the normal trade credit terms granted to our Group.

Up to the Latest Practicable Date, we had subsequently settled approximately HK$36.2 million or 96.0% of trade payables as at 30 November 2021 after the Track Record Period.

Other payables and accruals

Our other payables and accruals represent salaries payables, other payables and accrual, accrued listing expense and accrued issue costs. As at 31 March 2019, 2020 and 2021 and 30 November 2021, we had other payables and accruals of approximately HK$1.8 million, HK$3.7 million, HK$4.7 million and HK$15.5 million, respectively.

Our other payables and accruals increased from approximately HK$1.8 million as at 31 March 2019 to approximately HK$3.7 million as at 31 March 2020 and further to approximately HK$4.7 million as at 31 March 2021, primarily due to the increase in salaries payables as a result of our business growth.

Our other payable and accruals further increased to approximately HK$15.5 million as at 30 November 2021, primarily due to the (i) increase in accrued listing expense of HK$5.1 million; (ii) increase in accrued issue costs of HK$1.7 million and (iii) increase in other payables and accruals of HK$3.3 million as a result of the increased logistics expense.

Contract liabilities

Our contract liabilities consist (i) advances received in relation to the sales of our products; and (ii) reward points under customer loyalty programme. Contract liabilities in relation to the sales of our products represent the advance payments received from our customers upon the customers placing their orders and before the delivery of the products by us. As for the customer loyalty programme offered by our Group, basically, the customers can earn one point for every HK$1 purchase from our Group. Customers can enjoy discount by utilising the award points earned under the customer loyalty programme (in general every 200 points can be used as HK$1). Contract liabilities in relation to customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. As at 31 March 2019, 2020 and 2021 and 30 November 2021, we had contract liabilities of approximately HK$2.4 million, HK$9.6 million, HK$8.7 million and HK$19.0 million, respectively.

The table below sets forth the breakdown of our contract liabilities as at the respective dates indicated:

	As at 31 March			As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Advances received in relation to the sales of products	1,999	9,099	7,446	16,274
Customer loyalty programme	353	506	1,211	2,761
	2,352	9,605	8,657	19,035

Our contract liabilities increased from approximately HK$2.4 million as at 31 March 2019 to approximately HK$9.6 million as at 31 March 2020 primarily due to increase in our advance received in relation to the sales of our products attributable to the increase in our revenue in the Yoho OMO Business during FY19/20.

Our contract liabilities decreased from approximately HK$9.6 million as at 31 March 2020 to approximately HK$8.7 million as at 31 March 2021 which was mainly due to decrease in our advance received in relation to the sales of products attributable to enhancement of warehouse management and delivery efficiency, which significantly shortened the time between order placement by our customers and the shipment of the products by us, thus resulting in the decrease in the amount of advance payment involved.

Our contract liabilities increased from approximately HK$8.7 million as at 31 March 2021 to approximately HK$19.0 million as at 30 November 2021 primarily due to increase in our advance received in relation to the sales of our products attributable to the increase in our revenue in the Yoho OMO Business during 8M21/22 in particular the increase in our advance received from a promotional campaign launched in November 2021 in collaboration with a financial institution whereby special discounts were offered to those customers using the designated payment methods.

As at the Latest Practicable Date, approximately HK$15.6 million or 82.2% of contract liabilities as at 30 November 2021 had been subsequently recognised as revenue.

Derivative financial instruments

We have derivative financial instruments of approximately HK$0.8 million, nil, nil and nil as at 31 March 2019, 2020 and 2021 and 30 November 2021 respectively. The fair value change in derivative financial instrument in FY18/19 and FY19/20 was resulted from the measurement of fair value change in call options granted to Beyond Ventures Vehicle followed by Beyond Ventures' invitation to co-invest in the subscription of further Series A Preferred Shares of Yoho E-commerce in 2019.

For details of our derivative financial instruments, see Note 25(a) to the Accountants' Report in Appendix I to this prospectus.

Convertible redeemable preferred shares

We have convertible redeemable preferred shares of nil, nil, nil and approximately HK$75.6 million as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively. The balance mainly represented the fair value of the convertible redeemable preferred shares issued to 2021 Pre-IPO New Shares Investors.

For details of our convertible redeemable preferred shares, see Note 25(b) to the Accountants' Report in Appendix I to this prospectus.

Lease liabilities

During the Track Record Period, we leased office premises, warehouses and retail stores for our operations. As at 31 March 2019, 2020 and 2021 and 30 November 2021 we had lease liabilities of approximately HK$2.7 million, HK$12.3 million, HK$18.1 million and HK$22.7 million, respectively. Of which, approximately HK$2.0 million, HK$2.5 million, HK$5.4 million and HK$7.3 million were classified as current liabilities, respectively.

Our lease liabilities increased from approximately HK$2.7 million as at 31 March 2019 to approximately HK$12.3 million as at 31 March 2020 primarily due to the additional retail store leased by us during FY19/20.

Our lease liabilities further increased from approximately HK$12.3 million as at 31 March 2020 to approximately HK$18.1 million as at 31 March 2021 primarily due to the leasing of our new warehouse during FY20/21.

Our lease liabilities further increased from approximately HK$18.1 million as at 31 March 2021 to approximately HK$22.7 million as at 30 November 2021 primarily due to the relocation of Kwun Tong Store in June 2021.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth the breakdown of our current assets and current liabilities as at the date indicated:

	As at 31 March			As at 30 November	As at 31 March
	2019	**2020**	**2021**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Current assets					
Inventories	15,782	32,275	66,946	68,785	66,282
Trade receivables	3,536	3,859	5,975	10,525	7,701
Other receivables, deposits and prepayments	2,646	10,036	8,862	18,058	11,494
Amount due from a director	1,638	220	–	–	–
Bank balances and cash	9,620	43,208	38,525	112,656	126,257
	33,222	89,598	120,308	210,024	211,734
Current liabilities					
Trade payables	3,279	6,867	27,244	37,695	38,094
Other payables and accruals	1,785	3,732	4,661	15,181	17,657
Contract liabilities	2,352	9,605	8,657	19,035	14,972
Amount due to a director	–	–	1,492	128	–
Derivative financial instrument	774	–	–	–	–
Convertible redeemable preferred shares	–	–	–	75,598	68,787
Income tax payable	395	1,742	2,066	5,320	1,487
Lease liabilities	2,033	2,508	5,394	7,316	7,584
Bank overdraft	–	–	964	–	–
	10,618	24,454	50,478	160,273	148,581
Net current assets	22,604	65,144	69,830	49,751	63,153

Our Group's net current assets increased from approximately HK$22.6 million as at 31 March 2019 to approximately HK$65.1 million as at 31 March 2020 primarily due to the increase in bank balances attributable from proceeds of 2019 pre-IPO investments and increase in inventories resulting from business growth, partially offset by the increase in contract liabilities, lease liabilities and increase in trade payables.

Our Group's net current assets increased from approximately HK$65.1 million as at 31 March 2020 to approximately HK$69.8 million as at 31 March 2021 primarily due to the increase in inventories resulting from business growth, partially offset by the increase in lease liabilities and trade payables.

Our Group's net current assets decreased from approximately HK$69.8 million as at 31 March 2021 to approximately HK$49.8 million as at 30 November 2021 primarily due to the change in fair value of convertible redeemable preferred shares as at 30 November 2021 and the Listing expense.

Our Group's net current assets increased from approximately HK$49.8 million as at 30 November 2021 to approximately HK$63.2 million as at 31 March 2022 primarily due to the decrease in contract liabilities and decrease in fair value of convertible redeemable preferred shares.

INDEBTEDNESS

The table below sets out the breakdown of the indebtedness of our Group as at the respective dates indicated:

	As at 31 March			As at 30 November	As at 31 March
	2019	**2020**	**2021**	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Unsecured and unguaranteed amount due to a director	–	–	1,492	128	–
Unsecured and unguaranteed bank overdraft	–	–	964	–	–
Secured and unguaranteed lease liabilities	2,688	12,252	18,105	22,672	20,305
Convertible redeemable preferred shares	–	–	–	75,598	68,787
Total	2,688	12,252	20,561	98,398	89,092

As at 31 March 2022, being the Latest Practicable Date for the indebtedness statement, we had outstanding indebtedness of approximately HK$89.1 million comprising secured and unguaranteed lease liabilities of approximately HK$20.3 million and convertible redeemable preferred shares of approximately HK$68.8 million. Save as disclosed above, as at 31 March

2022, we did not have any other banking facilities, borrowings, mortgages, charges, debentures, or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptance, acceptance credits, hire purchase commitments, contingent liabilities or guarantees.

Our Directors confirm that there has not been any material change in indebtedness and contingent liabilities of our Group since the Latest Practicable Date up to the date of this prospectus.

WORKING CAPITAL

During the Track Record Period, we met our working capital needs mainly from our bank balances and cash and cash generated from our operation and the proceeds from investments by Beyond Ventures Vehicle and ITVFC in 2019. We manage our cash flow and working capital by closely monitoring and managing our operations. We also diligently review future cash flow requirements and adjust our operation, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into account the financial resources available to our Group, including our existing bank balances and cash, cash flows from operations, net proceeds from the issue of new Shares under the pre-IPO investments in May 2021 and estimated net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range), our Directors are of the view that the working capital available to our Group is sufficient for our requirements for at least 12 months from the date of this prospectus.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any contingent liabilities that would have a material adverse impact on our financial position, liquidity or result of operation.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain related party transactions including the directors and employees' emoluments, amounts due from/to directors and sales to directors. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on an arm's length basis and did not distort our results of operations for the Track Record Period.

The amount due from a director mainly represented the amount due from Mr. Wu which was non-trade in nature, unsecured, interest-free and repayable on demand. The amount due from a director decreased from approximately HK$1.6 million as at 31 March 2019 to approximately HK$0.2 million as at 31 March 2020.

The amount due to a director mainly represented the amount due to Mr. Wu which was non-trade in nature, unsecured, interest-free and repayable on demand. The amount due to a director was approximately HK$1.5 million and HK$0.1 million as at 31 March 2021 and 30 November 2021 respectively, and will be settled upon the Listing.

For more information on our related parties transactions, see Notes 11, 19 and 28 to the Accountants' Report in Appendix I to this prospectus.

LISTING EXPENSES

Assuming the Over-allotment Option is not exercised, the listing expenses in connection with the Listing, which include (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately HK$5.9 million, (ii) professional fees and expenses of legal advisors and reporting accountant of approximately HK$20.0 million, and (iii) other fees and expenses, including fee to Sole Sponsor, financial printer and other professional parties, of approximately HK$15.5 million, assuming an Offer Price of HK$2.35 per Offer Share, being the mid-point of the proposed Offer Price range, are estimated to be approximately HK$41.4 million, which are estimated to represent 32.0% any of the gross proceeds from the Global Offering. As at 30 November 2021, we have incurred HK$21.0 million of Listing expenses for the Global Offering, of which HK$16.1 million was charged to our consolidated statements of profit or loss and other comprehensive income and HK$4.9 million was recorded as deferred issue costs in the consolidated statements of financial position and will be accounted for as a deduction from our equity upon the Listing. We estimate that an additional Listing expenses of HK$20.4 million, will be further incurred by us, of which HK$15.9 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and HK$4.5 million is expected to be charged against equity upon the Listing.

Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. **Prospective investors should note that the financial performance and net profit of our Group for FY21/22 would be materially and adversely affected by the listing expenses mentioned above.**

OFF BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had no material off-balance sheet arrangements.

FINANCIAL RISK MANAGEMENT

Our Group is exposed to a variety of financial risks which comprise currency risk, interest rate risk, credit risk and liquidity risk. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Our Group has foreign currency purchases of inventories, which expose our Group to foreign currency risk. Approximately 6.1%, 19.0%, 15.2% and 6.9% of our Group's purchase of inventories are denominated in currencies other than the functional currency of the group entities, during the Track Record Period, respectively.

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

For further details, please refer to Note 31 to the Accountants' Report in Appendix I to this prospectus.

Interest rate risk

Our Group is exposed to fair value interest rate risk in relation to our Group's fixed-rate lease liabilities as at 31 March 2019, 2020 and 2021 and 30 November 2021. Our Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as at 31 March 2019, 2020 and 2021 and 30 November 2021.

For further details, please refer to Note 31 to the Accountants' Report in Appendix I to this prospectus.

Credit risk

Our Group's credit risk is primarily attributable to trade receivables, other receivables and deposits, amount due from a director, and bank balances.

For further details, please refer to Note 31 to the Accountants' Report in Appendix I to this prospectus.

Liquidity risk

In management of the liquidity risk, our Group monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows.

For further details, please refer to Note 31 to the Accountants' Report in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	Notes	Year ended/As at 31 March 2019	2020	2021	Eight months ended/ As at 30 November 2021
Gross profit margin	*1*	24.3%	20.5%	17.4%	15.0%
Net profit (loss) margin	*2*	9.1%	7.0%	5.5%	(2.8)%
Adjusted net profit margin as non-HKFRS measures	*3*	9.6%	6.8%	5.5%	2.7%
Return on equity	*4*	48.0%	26.0%	36.4%	N/A(9)
Return on total assets	*5*	33.2%	17.5%	20.2%	N/A(9)
Current ratio	*6*	3.1	3.7	2.4	1.3
Quick ratio	*7*	1.6	2.3	1.1	0.9
Gearing ratio	*8*	N/A	N/A	0.01	N/A

Notes:

1. The calculation of gross profit margin is based on gross profit divided by revenue for the year/period and multiplied by 100%.

2. The calculation of net profit (loss) margin is based on net profit (loss) divided by revenue for the year/period and multiplied by 100%.

3. The calculation of adjusted net profit margin as non-HKFRS measures is based on adjusted net profit as non-HKFRS measures divided by revenue for the year/period and multiplied by 100%.

4. The calculation of return on equity is based on net profit for the year divided by total equity and multiplied by 100%.

5. The calculation of return on total assets is based on net profit for the year divided by total assets and multiplied by 100%.

6. The calculation of current ratio is based on current assets divided by current liabilities at the end of the year/period.

7. The calculation of quick ratio is based on current assets less inventories divided by current liabilities at the end of the year/period.

8. The calculation of gearing ratio is based on interest-bearing gross debt (including bank overdraft) divided by total equity at the end of the year/period.

9. Ratios are not meaningful because the net loss for the period only represented eight months of net loss for the relevant year.

Gross profit margin

Our gross profit margin amounted to 24.3%, 20.5%, 17.4% and 15.0% for each of the Track Record Period, respectively. For a discussion of the factors affecting our gross profit margin, please refer to the paragraph headed "Period to period comparison of results of operations" in this section.

Net profit margin

Our net profit margin amounted to 9.1%, 7.0%, 5.5% and -2.8% for each of the Track Record Period, respectively. For a discussion of the factors affecting our net profit (loss) margin, please refer to the paragraph headed "Period to period comparison of results of operations" in this section.

Adjusted net profit margin as non-HKFRS measures

Our adjusted net profit margin as non-HKFRS measures amounted to 9.6%, 6.8%, 5.5% and 2.7% for each of the Track Record Period, respectively. For a discussion of the adjusted net profit as non-HKFRS measures, please refer to the paragraph headed "Non-HKFRS Measures" in this section.

Return on equity

Our return on equity decreased from approximately 48.0% for FY18/19 to approximately 26.0% for FY19/20 primarily due to the increase in share capital from approximately HK$23.5 million as at 31 March 2019 to approximately HK$50.0 million as at 31 March 2020, whereas the profit for the year increased by approximately 49.3% from approximately HK$12.3 million for FY18/19 to HK$18.3 million for FY19/20.

Our return on equity increased from approximately 26.0% for FY19/20 to approximately 36.4% for FY20/21 primarily due to the increase in profit for the year by approximately 56.8% from HK$18.3 million for FY19/20 to approximately HK$28.7 million for FY20/21.

Return on total assets

Our return on total assets decreased from approximately 33.2% for FY18/19 to approximately 17.5% for FY19/20 primarily due to the increase in total assets attributable to the increase in inventories and bank balances and cash.

Our return on total assets increased from approximately 17.5% for FY19/20 to approximately 20.2% for FY20/21 primarily due to the increase in profit for the year.

Current ratio

Our current ratio increased from 3.1 as at 31 March 2019 to 3.7 as at 31 March 2020 mainly due to increase in cash and cash equivalent attributable to the proceeds from pre-IPO investments in 2019, and decreased to 2.4 as at 31 March 2021 primarily due to the increase in trade payables, other payables as well as lease liabilities.

Our current ratio further decreased from 2.4 as at 31 March 2021 to 1.3 as at 30 November 2021 mainly due to increase in total current liabilities attributable to the issuance of convertible redeemable preferred shares.

Quick ratio

Our quick ratio increased from 1.6 as at 31 March 2019 to 2.3 as at 31 March 2020 primarily due to increase in bank balances and cash. Our quick ratio decreased from 2.3 as at 31 March 2020 to 1.1 as at 31 March 2021 primarily due to the increase in trade payables, other payables as well as lease liabilities.

Our quick ratio further decreased from 1.1 as at 31 March 2021 to 0.9 as at 30 November 2021 primarily due to increase in current liability arising from the issuance of convertible redeemable preferred shares.

Gearing ratio

Our gearing ratio remained relatively stable at nil, nil, 0.01 and nil as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

DIVIDENDS AND DIVIDEND POLICY

During FY18/19 and FY20/21, Yoho E-Commerce declared dividends of approximately HK$16.1 million and HK$20.2 million respectively to its then shareholders. Save as disclosed above, no dividend was paid or declared by our Company during the Track Record Period.

In future, declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividend, depend on a number of factors, including our results of operations, financial condition, the payment of cash dividends by our subsidiaries to us, and other factors which our Board may deem relevant. There is no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

As at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

GLOBAL OFFERING STATISTICS

	Based on the minimum Offer Price of HK$1.89 per Offer Share, after Downward Offer Price Adjustment of up to 10%	Based on an Offer Price of HK$2.10 per Offer Share	Based on an Offer Price of HK$2.60 per Offer Share
Market capitalisation *(Note 1)* (HK$)	945 million	1,050 million	1,300 million
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)* (HK$)	0.31	0.33	0.39

Notes:

(1) The calculation of market capitalisation is based on the number of Shares expected to be in issue immediately upon completion of the Global Offering and the Capitalisation Issue (assuming convertible redeemable preferred shares are converted into Shares and without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), i.e. 500,000,000 Shares.

(2) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 per Share has been arrived at after making the adjustments referred to in the section headed "Appendix IIA — Unaudited Pro Forma Financial Information" in this Prospectus, and on the basis of a total of 466,085,443 Shares, assuming that (i) 55,000,000 Shares pursuant to the proposed Global Offering had been issued; and (ii) 228,890,321 Shares to be issued pursuant to the Capitalisation Issue had been completed on 30 November 2021, and without taking into account 15,031,101 Shares to be issued pursuant to the full conversion of the Series A Preferred Shares issued to 2021 Pre-IPO New Shares Investors and corresponding Capitalisation Issue for 18,883,456 Shares and without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.

(3) Had the Global Offering and the conversion of the Series A Preferred Shares issued to 2021 Pre-IPO New Shares Investors been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 November 2021 per Share would be HK$0.46 based on an Offer Price of HK$2.10 per Offer Share, HK$0.52 based on an Offer Price of HK$2.60 per Offer Share and HK$0.44 based on an Offer Price after a Downward Offer Price Adjustment of HK$1.89 per Offer Share, respectively. For further details, please refer to "Appendix IIA — Unaudited Pro Forma Financial Information" in this prospectus.

DISTRIBUTABLE RESERVE

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2021. Please refer to Note 27 the Accountants' Report as set out in Appendix I to this prospectus for details of our Company's reserve.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See the section headed "Unaudited pro forma financial information" in Appendix IIA of this prospectus for details.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENTS

We achieved a significant revenue growth of approximately 25.3% for the four months ended 31 March 2022 as compared with the four months ended 31 March 2021, which is mainly attributable to the increase in revenue from online retail sales. This was mainly driven by the increase in number of active customers as well as the orders received, as a result of (i) our promotional campaigns launched in collaboration with several financial institutions and financial technology companies whereby special discounts were offered to those customers using the designated payment methods; (ii) a step-up in our marketing and promotion efforts; and (iii) implementation of supportive government policies including the consumption voucher scheme.

Under the MOU entered into between JHC HK and our Group, JHC HK and our Group shall each leverage their and our own resources to collaborate across various aspects, including but not limited to marketing, warehousing services and distribution channels, with a view to delivering a superior OMO experience to customers. JHC HK is a wholly-owned subsidiary of International Housewares Retail Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1373). For further details, please refer to "Business — Our Business Model — Our Strategic Business Cooperation with Japan Home Centre (H.K.) Limited" in this prospectus.

As at the Latest Practicable Date, JHC HK and our Group had commenced business cooperation in the area of inventory sharing and logistics pooling, being one of the aspects for collaboration as identified in the MOU. In this regard, pursuant to the binding agreement entered into between JHC HK and our Group, JHC HK had been sourcing inventory from our Group subsequent to the end of the Track Record Period.

No Material Adverse Change

The fifth wave of the COVID-19 outbreak in Hong Kong beginning in early 2022 had brought a certain degree of disruption to our sales and daily operations, where (a) the general consumer sentiment had been weakened; (b) our marketing, logistics and warehousing operations had been affected as a result of staff infections and the consequent reduction in available manpower; and (c) the reduced operations of various sectors in the society and the extreme social condition at the peak of the outbreak in February and March 2022 had disturbed and slowed down our logistics and order fulfilment workflows. Nevertheless, we managed to achieve year-on-year growth in our monthly revenue for each of January, February and March 2022. In addition, according to the F&S Report, albeit the heavy impact on the Hong Kong economy brought about by the outbreak of the COVID-19 pandemic since January 2020, Hong Kong online retail sales have outperformed the overall Hong Kong economy, registering an year-on-year increase of approximately 18.6% from FY19/20 to FY20/21, where an increase by 9.1% had been recorded in the category of Consumer Electronics and Home Appliances in particular. Owing to the implementation of pandemic prevention and control policies, Hong Kong citizens have gradually switched from purchases from brick-and-mortar stores to online purchases, thereby fueling the growth of the Hong Kong e-commerce industry. Given the above and several continuous growth drivers (such as high Internet and smartphone penetration, improved payment and logistic infrastructure, and increasing consumer confidence in and loyalty to online transactions), the uptrend of the Hong Kong e-commerce market is anticipated to endure for the coming years. Furthermore, as confirmed by our Directors, our Group had not encountered any material supply chain disruption during the Track Record Period and up to the Latest Practicable Date due to the COVID-19 pandemic. Our Directors are of the view that the outbreak of COVID-19 has not caused and will not cause any material adverse impact on business operation, business relationship with our customers and suppliers, and results of operations.

Although our Group's revenue is expected to record a significant growth for FY21/22, our Group's gross profit margin is expected to decrease for FY21/22 as compared to that of FY20/21, which is mainly attributable to our Group's ongoing proactive market share acquisition strategy where our Group had been widening our product portfolio for better alignment with the diverse demand in the market for Consumer Electronics and Home Appliances. It is our Group's strategy to further enrich our product offerings with, among others, popular major brand products that are of broad appeal and in significant demand, notwithstanding the relatively lower profit margins associated with these products. In the light of the above, our Group expects to record a further decrease in net profit for FY21/22, which is mainly attributable to (i) the one-off Listing expenses of approximately HK$21.7 million and changes in fair value of convertible redeemable preferred shares of approximately HK$4.7 million recorded in FY21/22; (ii) the government grants of approximately HK$3.1 million recorded in FY20/21 but nil for FY21/22; and (iii) the increase in selling and distribution expenses in FY21/22, and the adjusted net profit margin as non-HKFRS measures of our Group is also expected to decrease for FY21/22 as compared to that of FY20/21 due to the expected decrease in the gross profit margin in FY21/22. In spite of that, our overall gross profit margin has remained largely stable since January 2021, with no material fluctuation since the end of the Track Record Period.

On the whole, however, our Directors consider the impact of these specific events on our overall position not to be significant. Our Directors confirm that, since 30 November 2021, being the date to which our latest audited accounts were made up and the end of the period reported on in the Accountants' Report, and up to the date of this prospectus, there has been no material adverse change in our operations or financial or trading position, and no event has occurred that would materially and adversely affect the information shown in the consolidated financial statements of our Group set forth in the Accountants' Report. Please see "Listing Expenses" in this section for further details.

LOSS ESTIMATE FOR THE YEAR ENDED 31 MARCH 2022

Our Directors estimate that, on the bases set out in Appendix IIB to this prospectus, and in the absence of unforeseen circumstances, the estimated consolidated loss attributable to owners of our Company for the year ended 31 March 2022 is as follows:

Estimated consolidated loss attributable to owners of our Company for the year ended 31 March 2022 *(Note 1)*	Not more than HK$0.4 million
Unaudited pro forma estimated loss per Share *(Note 2)*	Not more than HK$0.0009

Notes:

(1). The loss estimate, for which our Directors are solely responsible for, has been prepared by them based on (i) the audited consolidated results of our Group for the eight months ended 30 November 2021; and (ii) the unaudited consolidated results based on the management accounts of our Group for the four months ended 31 March 2022. The loss estimate has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by our Company as set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. When preparing the loss estimate which is based on the best estimate and belief of the Directors, our Directors have also considered the latest information currently available up to the Latest Practicable Date in respect of the circumstances as set out in the paragraph headed ''Recent development'' in this section above, including the MOU entered into between JHC and our Group.

(2). The calculation of the unaudited pro forma estimated loss per Share is based on the estimated consolidated loss attributable to owners of the Company for the year ended 31 March 2022, assuming that the Global Offering and the Capitalisation Issue had been completed on 1 April 2021 and that a weighed average of 466,085,443 Shares were in issue for the year ended 31 March 2022. The calculation does not take into account the effect of the conversion of the Series A Preferred Shares issued to the 2021 Pre-IPO New Shares Investors into Shares upon completion of the Global Offering as their inclusion would be anti-dilutive, and any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued upon the exercise of the options which may be granted under Share Option Scheme or (iii) which may be issued or repurchased referred to in the section headed "Share Capital — General mandate to issue Shares" or the section headed "Share Capital — General mandate to repurchase Shares" in this prospectus.

FUTURE PLANS

For a detailed description of our future plans, please refer to "Business — Business Strategies" in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK$2.35 per Offer Share, being the mid-point of the Offer Price range between HK$2.10 and HK$2.60 and assuming that the Over-allotment Option is not exercised at all, we estimate that net proceeds of approximately HK$87.9 million will be received from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

We intend to use the net proceeds from the Global Offering as follows in connection with the implementation of our future plans and the execution of our business strategies (further details of which are set forth in "Business — Business Strategies" in this prospectus):

Capturing a larger market share through organic growth

- we will apply approximately HK$17.9 million (or approximately 20.4% of the net proceeds) to capture a larger market share through organic growth, among which

  - approximately HK$13.2 million (or approximately 15.0% of the net proceeds) will be used to satisfy our capital requirements for a larger inventory during FY22/23 and FY23/24 in the light of the anticipated growth in our scale of operation, product diversity and order size and volume. In view of the comparable growth trends in our revenue and inventory level and the impact resulting from the increase in inventories on the consolidated cash flow statement of our Group during the Track Record Period, our Directors are of the view that additional capital for a higher inventory level is essential for supporting our revenue growth in the future, and our internal resources alone may not be sufficient to meet our needs in this regard taking into account our expected revenue growth and corresponding inventory level. Our total spending in this connection will be determined by the actual rate of growth in our inventory level, which will in turn depend on our business development and revenue growth, among others; in the event that the actual amount of net proceeds available for this use is insufficient to cover our total spending, the shortfall will be met by our internal resources; and

  - approximately HK$4.7 million (or approximately 5.4% of the net proceeds) will be used to meet our expenses in connection with the establishment of three new retail stores on leased properties, including the relevant rental expenses, operational expenses and acquisition costs of equipment during FY22/23, FY23/24 and FY24/25. In particular, we aim at opening our new retail store in Hong Kong Island by the third quarter of 2022, and opening our new retail stores in New Territories East and New Territories West in FY23/24. The net proceeds designated for this purpose of HK$4.7 million will be used to meet the capital expenditure to be incurred during the period from FY22/23 to FY24/25 (comprising leasehold improvements, lease liabilities and equipment costs) in the estimated amount of approximately HK$3.1 million, and operating expenses including management fee and utilities fee;

Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations

- we will allocate approximately HK$6.2 million (or approximately 7.1% of the net proceeds) for expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations by the third quarter of 2022, among which

  - approximately HK$1.8 million (or approximately 2.1% of the net proceeds) will be used to upgrade and maintain our relevant IT systems during FY22/23, FY23/24, FY24/25 and FY25/26. Our total spending in this connection during the period from FY22/23 to FY25/26 is expected to be approximately HK$3.6 million, of which HK$1.8 million will be met by the net proceeds and HK$1.8 million will be met by our internal resources; and

  - approximately HK$4.4 million (or approximately 5.0% of the net proceeds) will be used to cover the operational expenses in our online marketplace operations during FY22/23, FY23/24 and FY24/25. Our total spending in this connection during the period from FY22/23 to FY24/25 is expected to be approximately HK$8.4 million, of which HK$4.4 million will be met by the net proceeds and HK$4.0 million will be met by our internal resources;

Expanding our services to customers in the PRC and, in particular, the Greater Bay Area

- we will put approximately HK$7.6 million (or approximately 8.6% of the net proceeds) towards the expansion of our services to customers in the PRC and, in particular, the Greater Bay Area, among which

  - approximately HK$3.0 million (or approximately 3.4% of the net proceeds) will be injected as capital to support the scaling up of our cross-border e-commerce business operation during FY23/24, FY24/25 and FY25/26, including the building of relevant information systems, such as the development of our official mini-application for the WeChat platform and the setting up of our flagship store(s) on the major e-commerce portal(s) in the PRC (which, as per our current business plan, should include Tmall.com (天貓) and JD.com (京東) to commence operation in the second quarter of 2023). Our total spending in this connection during the period from FY23/24 to FY25/26 is expected to be approximately HK$14.4 million, of which HK$3.0 million will be met by the net proceeds and HK$11.4 million will be met by our internal resources; and

  - approximately HK$4.6 million (or approximately 5.2% of the net proceeds) will be used to make specific marketing efforts during FY22/23, FY23/24, FY24/25 and FY25/26 directed towards consumers in the Greater Bay Area, including, among others, inbound tourists from this particular area. Our total spending in this connection during the period from FY22/23 to FY25/26 is expected to be approximately HK$12.6 million, of which HK$4.6 million will be met by the net proceeds and HK$8.0 million will be met by our internal resources;

Strengthening our supply chain capabilities

- we intend to designate approximately HK$8.1 million (or approximately 9.2% of the net proceeds) for strengthening our supply chain capabilities, among which

  - approximately HK$4.4 million (or approximately 5.0% of the net proceeds) will be used to meet our expenses during FY23/24, FY24/25 and FY25/26 in connection with our additional warehouse to be established in the first quarter of 2023, including the relevant rental expenses. Our total spending in this connection during the period from FY23/24 to FY25/26 is expected to be approximately HK$21.8 million, of which HK$4.4 million (including capital expenditure to be incurred during the period from FY23/24 to FY25/26) will be met by the net proceeds and HK$17.4 million will be met by our internal resources;

  - approximately HK$1.9 million (or approximately 2.2% of the net proceeds) will be used to meet our expenses in connection with the development of the relevant IT systems during FY23/24, FY24/25 and FY25/26, including the costs of the upgrade and maintenance of our IT systems for warehouse and inventory management and the development of our autonomous warehouse management systems. Our total spending in this connection during the period from FY23/24 to FY25/26 is expected to be approximately HK$8.7 million, of which HK$1.9 million will be met by the net proceeds and HK$6.8 million will be met by our internal resources; and

  - approximately HK$1.8 million (or approximately 2.0% of the net proceeds) will be used to establish partnership and collaboration with other logistics companies and courier services providers during FY22/23, FY23/24 and FY24/25 for further cooperation in connection with the setting up of more pick-up points in Hong Kong and/or the provision of last-mile delivery services for our Group. Our total spending in this connection during the period from FY22/23 to FY24/25 is expected to be approximately HK$8.4 million, of which HK$1.8 million will be met by the net proceeds and HK$6.6 million will be met by our internal resources;

Further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities

- we will set aside approximately HK$10.4 million (or approximately 11.8% of the net proceeds) to further invest in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities, including conducting marketing and promotional activities during FY22/23 and FY23/24 for brand-building purpose, in the course of which we will put a stronger emphasis on our identity as the distributor and retailer and on our brand. Our total spending in this connection will depend on our business development and revenue growth, among others; in the event that the actual amount of net proceeds available for this use is insufficient to cover our total spending, the shortfall will be met by our internal resources;

Expanding our teams of staff in support of our business strategies

- we will assign approximately HK$16.9 million (or appropriately 19.2% of the net proceeds) to meet our needs in the human resources area as we implement our various business strategies during the period from FY22/23 to FY25/26. In view of our business expansion and the historical growth in our number of staff members of 37, 61, 77 and 94 as at 31 March 2019, 31 March 2020, 31 March 2021 and 30 November 2021 respectively, and our additional manpower requirements as a result of the implementation of each of the business strategies set forth above (including, among others, launch of mobile applications and online marketplace operations, and expansion of our cross-border e-commerce business), we expect to employ 89 additional members of staff over the coming four financial years ending 31 March 2026. Our total spending in this connection will depend on our business development and revenue growth, among others, in the event that the actual amount of net proceeds available for this use is insufficient to cover our total spending, the shortfall will be met by our internal resources. Set forth below are the details of our hiring plan:

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
Capturing a larger market share through organic growth								
Sales	Sales staff for our three new retail stores to support their operations	24	20,000– 27,000	FY22/23, FY23/24 and FY24/25	Shop managers	10	Supervising our store operation including sales, cashier management, inventory control and preparation of reports	1.4 (1.6%)

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
					Vice shop managers	10	Supervising our store operation including sales, cashier management, inventory control and preparation of reports	
					Sales supervisors	Seven to 10	Managing the daily operation of the retail store and supervise the performance of the store staff	
					Senior sales representatives	Four to seven	Performing cashier and customer service duties	
					Sales representatives	Up to four	Performing cashier and customer service duties	

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
Engineering	User interface/user experience engineers to continuously improve the experience of our e-commerce platform users	12	39,000– 45,000	FY22/23, FY23/24, FY24/25 and FY25/26	Technology director	Eight to 10	Overseeing our technical projects in alignment with organisational goals and develop strategies relating to our IT infrastructure	2.6 (3.0%)
					Project manager	Five to eight	Managing and drive the project cycle of our IT technical projects	
					Product manager	Five to eight	Driving the execution of all product lifecycle processes for our products, including market research, roadmap development, requirements development, and product launch	
					Assistant business intelligence/ system analyst	Three to five	Deploying, maintaining, and troubleshooting our core business applications, including application servers, associated hardware, endpoints, and databases	

Function	Role	Number of members	Monthly salary (HK$)	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
					Assistant product managers	Three to five	Driving the execution of all product lifecycle processes for products, including market research, roadmap development, requirements development, and product launch	
					Analyst programmers	One to three	Developing and maintaining our web-based e-commerce systems	
					Web developers	Up to one	Developing and maintaining our web-based e-commerce systems	
Engineering	Engineers and developers to develop and maintain our mobile applications, which we target to launch by the second quarter of 2022	Six	33,800– 45,000	FY22/23, FY23/24, FY24/25 and FY25/26	Senior analyst programmers	One to three	Executing our mobile application software development lifecycle processes, including design, implementation, coding, testing, deployment, and maintenance	2.1 (2.4%)
					Senior web developers	Up to one		

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations								
Engineering	Engineering staff to enhance the engineering capacity of our Group as a whole for continuous development of our new online marketplace system to be launched in FY22/23	10	36,000– 45,000	FY22/23, FY23/24, FY24/25 and FY25/26	Project managers	Five to eight	Managing and driving the project cycle of our IT technical projects	3.1 (3.5%)
					Assistant business intelligence/ system analysts	Three to five	Deploying, maintaining, and troubleshooting our core business applications, including application servers, associated hardware, endpoints, and databases	
					Senior analyst programmer	One to three	Developing and maintaining our web-based e-commerce systems	
					Web developers	Up to one	Developing and maintaining our web-based e-commerce systems	

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
Sales	Sales and merchant services staff for merchant acquisition and to provide third-party merchants with necessary support	Eight	20,000– 25,000	FY22/23, FY23/24, FY24/25 and FY25/26	Business development manager	Three to five	Overseeing implementation of our business development strategies and communicate with internal parties in relation to merchants-related operation and acquisition issues	1.6 (1.8%)
					Assistant business development manager	Two to three	Developing and implementing business development strategies and communicating with internal parties in relation to merchants-related	
					Business development executives	Up to two years	Executing our merchant acquisition activities and coordinating marketing campaigns targeting our merchants in collaboration with our internal marketing team	

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
Customer service	Customer services staff to meet the escalated demand for customer services resulting from the increased website traffic	Eight	20,000– 25,000	FY22/23, FY23/24, FY24/25 and FY25/26	Senior customer service officers	One to three	Handling our customers' inquiries and complaints via telephone calls, live chats and emails	1.4 (1.6%)
Expanding our services to customers in the PRC and, in particular, the Greater Bay Area								
Marketing	A dedicated China business team set up to take care of our cross-border e-commerce business operation and service PRC customers	Six	18,000– 28,800	FY23/24, FY24/25 and FY25/26	Marketing manager	Six to eight	Conceptualising and implementing new promotional campaigns for our China e-commerce business	1.4 (1.6%)
					Senior marketing executives	One to three	Initiating and implementing relevant online and offline marketing campaigns	
					Marketing executives	Up to one	Initiating and implementing relevant online and offline marketing campaigns	

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
Strengthening our supply chain capabilities								
Warehousing and logistics	Warehousing and logistics staff to support the operation of our additional warehouse to be established in FY23/24	Eight	18,000– 22,500	FY23/24, FY24/25 and FY25/26	Assistant warehouse and logistics manager	Three to five	Managing the daily operation of our warehouse(s) and leading our team of warehouse staff	1.4 (1.6%)
					Senior warehouse assistants	One to three	Performing general warehouse duty	
					Warehouse assistants	One to three	Performing general warehouse duty	
Further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities								
Marketing	Data science team to enhance our precision marketing and capabilities and develop a product recommendation engine	Three	27,000– 45,000	FY22/23, FY23/24, FY24/25 and FY25/26	Business intelligent/ system analyst	Five to eight	Designing, developing, and maintaining ongoing metrics, reports, analyses, dashboards, etc. to drive our key business decisions	1.0 (1.1%)
					Senior analyst programmers	One to three		

Function	Role	Number of members	Monthly salary *(HK$)*	Years in which net proceeds will be used to meet relevant staff costs	Title	Year(s) of relevant industry experience	Job duties	Amount of net proceeds in HK$ million (approximate) (% of net proceeds (approximate))
	Marketing executives to run our omni-channel marketing campaigns	Four	20,000– 33,300	FY22/23, FY23/24, FY24/25 and FY25/26	Senior marketing manager	Eight to ten	Conceptualising new promotional campaigns accompanied with tactical strategies to drive sales, and to track campaign effectiveness along different metrics	0.9 (1.0%)
					Digital marketing manager	Six to eight	Formulating marketing plans for customer relationship management, campaign promotion and customer engagement, based on customer insights and behavioural data, to achieve business objective	
					Senior marketing executive	One to three	Initiating and implementing relevant online and offline marketing campaigns	
					Marketing executive	Up to one	Initiating and implementing relevant online and offline marketing campaigns	

Acquiring companies in e-commerce-related industries

- we will apply approximately HK$12.0 million (or approximately 13.7% of the net proceeds) to acquire control in one to two company(ies) in e-commerce-related industries during FY22/23 and/or FY23/24 as a means to further expand our product portfolio and customer base and capture the market opportunities. Our total spending in this connection will depend on the size, scale and valuation of the acquisition target(s); in the event that the actual amount of net proceeds available for this use is insufficient to cover the acquisition costs, the balance will be settled using our internal resources and/or available financing facilities, and/or through issue of consideration shares; and

General working capital

- we will allocate approximately HK$8.8 million (or approximately 10.0% of the net proceeds) to our general working capital during FY22/23, FY23/24, FY24/25 and FY25/26.

Set forth below is the expected time frame for the use of the net proceeds from the Global Offering in accordance with the above allocation:

	FY22/23 *HK$ million*	FY23/24 *HK$ million*	FY24/25 *HK$ million*	FY25/26 *HK$ million*	Total *HK$ million*
Capturing a larger market share through organic growth					
• Satisfying our capital requirements for a larger inventory	6.6	6.6	–	–	13.2
• Meeting expenses in connection with establishment of three new retail stores	1.4	1.6	1.7	–	4.7
	8.0	8.2	1.7	–	17.9
Expanding the product offerings on our e-commerce platform(s) through the launch of online marketplace operations					
• Upgrading and maintaining our relevant IT systems	0.5	0.6	0.6	0.1	1.8
• Covering the operational expenses in our online marketplace operations	1.8	2.2	0.4	–	4.4
	2.3	2.8	1.0	0.1	6.2

	FY22/23 *HK$ million*	FY23/24 *HK$ million*	FY24/25 *HK$ million*	FY25/26 *HK$ million*	Total *HK$ million*
Expanding our services to customers in the PRC and, in particular, the Greater Bay Area					
• Supporting the scaling up of our cross-border e-commerce business operation	–	1.0	1.0	1.0	3.0
• Making specific marketing efforts directed towards consumers in the Greater Bay Area	0.6	1.5	1.5	1.0	4.6
	0.6	2.5	2.5	2.0	7.6
Strengthening our supply chain capabilities					
• Meeting expenses in connection with establishment of an additional warehouse	–	1.5	1.5	1.4	4.4
• Meeting expenses in connection with upgrade, development and maintenance of relevant IT systems	–	0.9	0.5	0.5	1.9
• Improving our fulfilment and service capabilities	0.7	0.9	0.2	–	1.8
	0.7	3.3	2.2	1.9	8.1
Further investing in brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities					
• Conducting marketing and promotional activities for brand-building purpose	4.0	6.4	–	–	10.4
Expanding our teams of staff in support of our business strategies	2.7	5.7	5.7	2.8	16.9
Acquiring companies in e-commerce-related industries	6.0	6.0	–	–	12.0
General working capital	2.5	2.9	2.9	0.5	8.8
Total net proceeds from the Global Offering	26.8	37.8	16.0	7.3	87.9

BASES AND ASSUMPTIONS

The business objectives and strategies set out by our Directors are based on the following general assumptions:

- there will be no significant economic change in respect of inflation, interest rate, tax rate and currency exchange rate in the geographic locations which we operate in which will adversely affect our business;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material adverse changes in the existing laws and regulations, policies or industry or regulatory treatment relating to our Group, or in the political, social, economical, fiscal or market conditions in which our Group operates;
- the Global Offering will be completed in accordance with the terms as described in "Structure of the Global Offering" in this prospectus;
- there will be no disasters, natural, political, social or otherwise, which would materially disrupt the business or operations of our Group;
- we will not be adversely affected by the risk factors as set out in "Risk Factors" in this prospectus; and
- we will continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions.

Assuming that the Over-allotment Option is not exercised at all, the net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering) will (1) increase to approximately HK$101.0 million if the Offer Price is fixed at HK$2.60 per Offer Share (being the high end of the Offer Price range); (2) decrease to HK$74.7 million if the Offer Price is fixed at HK$2.10 per Offer Share (being the low end of the Offer Price range); and (3) decrease to HK$63.7 million in the event that we make a Downward Offer Price Adjustment and the Offer Price is set at HK$1.89 per Offer Share.

Assuming that the Over-allotment Option is exercised in full, the net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering) will amount to (1) approximately HK$122.4 million if the Offer Price is fixed at HK$2.60 per Offer Share (being the high end of the Offer Price range); (2) HK$107.3 million if the Offer Price is fixed at HK$2.35 per Offer Share (being the mid-point of the Offer Price range); (3) HK$92.1 million if the Offer Price is fixed at HK$2.10 per Offer Share (being the low end of the Offer Price range); and (4) HK$79.3 million in the event that we make a Downward Offer Price Adjustment and the Offer Price is set at HK$1.89 per Offer Share.

In each of the above circumstances, we will apply the net proceeds for the various intended uses set forth above in the stated proportions and the amount of net proceeds to be applied for each intended use will be adjusted accordingly.

To the extent that the designated amount(s) of net proceeds from the Global Offering is(are) not immediately used for any of the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions. We will make an appropriate announcement if there is any change to the intended uses of net proceeds set forth above.

HONG KONG UNDERWRITERS

CMBC Securities Company Limited
Eddid Securities and Futures Limited
Haitong International Securities Company Limited
Zhongtai International Securities Limited
China Everbright Securities (HK) Limited
SBI China Capital Financial Services Limited
China Tonghai Securities Limited
Futu Securities International (Hong Kong) Limited
Valuable Capital Limited
Cinda International Capital Limited
Ever-Long Securities Company Limited
China Sky Securities Limited
Yue Xiu Securities Company Limited
FUTEC Financial Limited
Livermore Holdings Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 25 May 2022. As described in the Hong Kong Underwriting Agreement, we are offering initially 5,500,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong on the terms and subject to the conditions set forth in this prospectus at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued under the Global Offering, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe and/or procure subscriber(s) to subscribe for in cash the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the due execution of the International Underwriting Agreement by the parties thereto on or before the Price Determination Date and the obligations of the International Underwriters thereunder having become and remaining unconditional in accordance with its terms and the International Agreement not having been subsequently terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscriber(s) to subscribe for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination with immediate effect by notice in writing from the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) to our Company prior to 8:00 a.m. (Hong Kong time) on the Listing Date if prior to such time:

(a) there comes to the notice of any of the Sole Sponsor, the Sole Global Coordinator or the Hong Kong Underwriters:

(i) that any statement contained in any of this prospectus, the Application Form and the formal notice required to be published in connection with the Hong Kong Public Offering in accordance with the Listing Rules (collectively, the "**Hong Kong Public Offering Documents**") was, when it was issued, or has become or been discovered to be untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents is not fair or honest in any material respect or based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), a material omission in any of the Hong Kong Public Offering Documents in the context of the Global Offering; or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement (other than those undertaken by the Sole Sponsor and/or any of the Hong Kong Underwriters) which, in any such case, is considered, in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), to be material and adverse in the context of the Global Offering; or

(iv) any event, act or omission which gives or could reasonably be expected to give rise to any material liability of our Company or any of the Executive Directors and Controlling Shareholders arising out of or in connection with any representations, warranties or undertakings contained in the Hong Kong Underwriting Agreement; or

(v) any contravention by any member of our Group of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Companies Act or the Listing Rules which has resulted in or would result in a Material Adverse Change (as defined below); or

(vi) any material contravention by any member of our Group of, or non-compliance of any of the Hong Kong Public Offering Documents or any aspect of the Global Offering with, the Listing Rules or applicable laws; or

(vii) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, management, prospects, shareholders' equity, results of operations, or financial or trading position or condition of our Group taken as a whole (the "**Material Adverse Change**"); or

(viii) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings of our Company or any of the Executive Directors and Controlling Shareholders set out in the Hong Kong Underwriting Agreement; or

(ix) a significant portion of the orders in the bookbuilding process at the time the International Underwriting Agreement is entered into have been withdrawn, terminated or cancelled, as a result of which it is therefore inadvisable, inexpedient or impracticable to proceed with the Global Offering; or

(x) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(xi) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(xii) any expert (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its consent to being named in this prospectus or to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be); or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional or international event or circumstance in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Cayman Islands, Hong Kong, the PRC or any other jurisdiction relevant to any member of our Group (collectively, the "**Relevant Jurisdictions**" and each, a "**Relevant Jurisdiction**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities of our Company or generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, the Cayman Islands, New York (imposed at Federal or New York State level or by any other competent authority), London, or the European Union (or any member thereof), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(v) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(viii) any executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(ix) the chairman of the Board and/or chief executive officer of our Company vacating their offices; or

(x) an authority in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any executive Director; or

(xi) a material contravention by any member of our Group of the Listing Rules or applicable laws; or

(xii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xiv) any materialisation of any of the risks set out in "Risk Factors" in this prospectus or the occurrence of any such events therein; or

(xv) an order or petition for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with our creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), (1) has or will have or could reasonably be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will have or could reasonably be expected to have a material adverse effect on the success of the Global Offering as a whole, or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or could reasonably be expected to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or could reasonably be expected to have the effect of making any part of the Hong Kong Underwriting Agreement (including the underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any issue of shares or securities in circumstances permitted under Rule 10.08 of the Listing Rules, we will not, at any time within six months from the Listing Date, issue any shares or other securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement or arrangement to issue such shares or securities (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), that he, she or it will not, and shall procure that any other relevant registered holder(s) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he, she or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Parent Shares**"); or

(b) during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he, she or it would cease to be our controlling shareholder (as defined in the Listing Rules).

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that, during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, he, she or it will:

(a) if he, she or it pledges or charges any of our securities beneficially owned by him, her or it in favour of an authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(b) if he, she or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any of our Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to and covenanted with the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that except for the offer and sale of the Offer Shares, the Capitalisation Issue, the grant of the Over-allotment Option, the issue of Shares upon the exercise of any options granted or to be granted under the Share Option Scheme, the issue of the Over-allotment Shares upon the exercise of the Over-allotment Option, the issue of any Shares which may fall to be issued by way of scrip dividend schemes or similar arrangements in accordance with the memorandum and articles of association of our Company or any consolidation, sub-division or capital reduction of the Shares, we will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and subject always to the requirements of the Stock Exchange,

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any encumbrance over, or agree to transfer or dispose of or create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any securities of our Company or any shares or other securities of such other Group company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group company, as applicable, with a depositary in connection with the issue of depositary receipts, or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group company, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a) or (b) or (c) or (d) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group company, as applicable, or in cash or otherwise, (i) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date which is six months from the Listing Date (the "**First Six-Month Period**"); or (ii) at any time during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**") so as to result in any of the Controlling Shareholders ceasing to be a controlling shareholder (as defined in the Listing Rules) of our Company (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-month Period or the Second Six-Month Period, as applicable).

We have further undertaken to and covenanted with the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that in the event that during the Second Six-Month Period, our Company enters into any of the transactions specified in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create any disorderly or false market in the Shares or any other securities of our Company.

Each Controlling Shareholder and executive Director jointly and severally undertakes and covenants with the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters to procure (so for as he/she/it is able to do so) our Company to comply with the above undertakings and covenants.

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to each of our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that, save as (i) pursuant to the Global Offering (including the Over-allotment Option) or the Stock Borrowing Agreement; (ii) pursuant to the exercise of any options granted or to be granted under the Share Option Scheme; or (iii) permitted under the Listing Rules,

(i) at any time during the First Six-month Period, he/she/it shall not (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over (other than by way of a security for a bona fide commercial loan in favour of an authorised institution (as defined in the Banking Ordinance)), either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible or exchangeable into or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any such Shares or other securities of our Company or any interest therein) beneficially owned by him/her/it directly or indirectly through his/its controlled entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraph (a) or (b) above; or (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraph (a), (b) or (c) above, whether any of the foregoing transactions referred to in sub-paragraph (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not any such arrangement or transaction will be completed within the First Six-month Period), provided that the foregoing restriction shall not apply to any Shares which any of them may acquire or become interested in following the Listing Date (other than any Shares returned under the Stock Borrowing Agreement) and provided further that any such acquisition or disposal would not result in any breach of Rule 8.08 of the Listing Rules;

(ii) at any time during the Second Six-month Period, he/she/it will not enter into any of the transactions referred to in sub-paragraph (i)(a), (b) or (c) above, or offer to or agree to or announce any intention to enter into or effect any such transaction, if, immediately following any such transaction or upon the exercise or enforcement of any such option ,warrant, contract, right or encumbrance, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or would, together with the other Controlling Shareholders, cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company;

(iii) in the event that he/she/it enters into any of the transactions specified in sub-paragraph (i)(a), (b) or (c) above or offers to or agrees to or announces any intention to enter into or effect any such transaction within the Second Six-month Period, he/she/it will take all reasonable steps to ensure that such a transaction will not create a disorderly or false market in the Shares or any other securities of our Company; and

(iv) he/she/it shall comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder(s) of the Shares or any other securities of our Company.

Each of the Controlling Shareholders further jointly and severally undertakes to each of our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that, save as (i) pursuant to the Global Offering (including the Over-allotment Option) or the Stock Borrowing Agreement; (ii) pursuant to the exercise of any options granted or to be granted under the Share Option Scheme; or (iii) permitted under the Listing Rules, during the period from the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will

(a) when he/she/it pledges or charges or otherwise create any rights or encumbrances over any Relevant Securities in favour of an authorised institution (as defined in the Banking Ordinance) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in writing of such pledges or charges or creation of the rights or encumbrances together with the number of the securities so pledged or charged and all other information as requested by our Company, the Sole Sponsor and/or the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters); and

(b) subsequent to the pledge or charge or creation of rights or encumbrances over the Relevant Securities as mentioned in sub-paragraph (a) above, when he/she/it receives any indication, either verbal or written, from any pledgee or chargee that any of the pledged or charged or encumbered securities as referred to in sub-paragraph (a) above will be sold, transferred or disposed of, immediately inform us, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in writing of such indication(s).

Indemnity

We, our Controlling Shareholders and our executive Directors have jointly and severally agreed and undertaken to indemnify the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters for certain losses which they may suffer, including, among other things, losses incurred arising from their performance of their respective obligations under the Hong Kong Underwriting Agreement and any breach by us of any of the representation, warranties and undertakings contained in the Hong Kong Underwriting Agreement, subject to the terms of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to subscribe or procure subscriber(s) to subscribe for the International Offer Shares being offered pursuant to the International Offering.

We expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator at its sole and absolute discretion for itself and on behalf of the International Underwriters at any time within the period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 8,250,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price for the purpose of covering over-allocations, if any, in the International Offering and/or to satisfy the obligations of the Sole Global Coordinator to return the borrowed securities under the Stock Borrowing Agreement.

Under the International Underwriting Agreement, we, our executive Directors and our Controlling Shareholders will jointly and severally agree and undertake to indemnify the Sole Sponsor, the Sole Global Coordinator and the International Underwriters against certain losses which they may suffer including, among other things, losses as a result of certain actions or claims which might be incurred by the International Underwriters, subject to the terms of the International Underwriting Agreement.

Underwriting Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Sole Global Coordinator (for itself and on behalf of the Underwriters) will receive an underwriting commission, in Hong Kong dollars, at the rate of 3% of the aggregate final Offer Price in respect of all of the Offer Shares (including both the Hong Kong Offer Shares and the International Offer Shares (taking into account the maximum number of Shares that can be issued under the Over-allotment Option, regardless of whether such option is exercised in full, in part or at all)). In addition, our Company may, at our sole and absolute discretion, pay to the Sole Global Coordinator (for itself and on behalf of the Underwriters) an incentive fee, in Hong Kong dollars, of up to 1.0% of the aggregate final Offer Price in respect of all of the Offer Shares (including both the Hong Kong Offer Shares and the International Offer Shares (taking into account the maximum number of Shares that can be issued under the Over-allotment Option, regardless of whether such option is exercised in full, in part or at all)), such amount to be allocated to or among one or more of the Underwriter(s), and accordingly retained in full or in part and/or paid to the other Underwriter(s) by the Sole Global Coordinator, in such a manner as our Company may at our sole and absolute discretion determine.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$2.35 per Share (being the mid-point of the indicative Offer Price range of HK$2.10 to HK$2.60 per Share), the aggregate commissions and fees (exclusive of any discretionary incentive fee), together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, Financial Reporting Council transaction levy, legal and other professional fees and printing and other expenses relating to the Global Offering to be borne by our Company are estimated to amount to approximately HK$41.4 million in aggregate.

Underwriters' Interests in our Company

Save for their respective obligations under the Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of the members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any of the members of our Group in the Global Offering.

Following completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Independence of the Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities on their own account and on the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or its affiliates or any person acting for them) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, such as the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering.

The Global Offering comprises:

- the Hong Kong Public Offering of 5,500,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraphs headed "Hong Kong Public Offering" in this section; and

- the International Offering of 49,500,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to the public in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to professional, institutional and other investors expected to have a sizeable demand for such International Offer Shares in Hong Kong and other jurisdictions outside of the United States in offshore transactions in reliance on Regulation S.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraphs "Pricing and Allocation" below in this section.

References in this prospectus to applications or subscription monies, or the procedures for application relate only to the Hong Kong Public Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the International Offer Shares. Prospective professional, institutional and other investors will be required to specify the number of International Offer Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 1 June 2022 and in any event, not later than Sunday, 5 June 2022.

The Offer Price will not be more than HK$2.60 per Offer Share and is expected to be not less than HK$2.10 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering as set out below. Prospective investors should be aware that the Offer Price as determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in the prospectus (subject to a Downward Offer Price Adjustment).

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with the consent of our Company) considers the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Sole Global Coordinator (on behalf of the Underwriters) may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in the prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering on Tuesday, 31 May 2022, cause to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com** an announcement of the reduction. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Upon issue of such a notice, the revised number of Offer Shares being offered under the Global Offering and Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in the prospectus on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in the prospectus. Applicants who had applied for the Shares have a right to withdraw their subscriptions if there is reduction in the number of Offer Shares and/or the Offer Price range after their submission of application for the Shares.

The Shares to be offered in the Global Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. Allocation of the International Offer Shares under the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell his/her/its Shares after the Listing. Such allocation may be made to professional, institutional or other investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by the applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of applications in the Hong Kong Public Offering, the indication of the level of interest in the International Offering, the basis of allocation of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration/certificate of incorporation numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed "How to apply for Hong Kong Offer Shares — 11. Publication of results" in this prospectus.

Announcement of Offer Price Reduction

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the prior consent of our Company, determine the final Offer Price to be not more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Price Determination Date.

In such situation, our Company will, as soon as practicable following the decision to set the Offer Price below the bottom end of the indicative Offer Price range, publish on the Stock Exchange's website **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com** an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations and is expected to be announced on Thursday, 9 June 2022. The Offer Price announced following the making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilised.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among others:

(a) the granting of approval by the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued under the exercise of the Over-allotment Option), and such listing and permission not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been determined on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement and the Stock Borrowing Agreement on or around the Price Determination Date; and

(d) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before Sunday, 5 June 2022, or such later date or time as agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com** on the next business day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance.

Share certificates for the Offer Shares are expected to be issued on or before Thursday, 9 June 2022 but will only become valid certificates if (a) the Global Offering has become unconditional in all respects; and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be at 8:00 a.m. (Hong Kong time) on the Listing Date.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFERING

Number of Shares initially offered

We are initially offering 5,500,000 Hong Kong Offer Shares at the Offer Price, representing 10% of the 55,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent 1.1% of our enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised at all.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering will be divided equally into two pools: pool A comprises 2,750,000 Hong Kong Offer Shares and pool B comprises 2,750,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price (excluding the brokerage, SFC transaction levy, the Stock Exchange trading fee and the Financial Reporting Council transaction levy) of HK$5 million or less will fall into pool A and all valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and the Financial Reporting Council transaction levy) of more than HK$5 million and up to the total value of pool B will fall into pool B. For the purpose of this paragraph only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Investors should be aware that applications in pool A and pool B may receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants may only apply for Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B. In addition, multiple or suspected multiple applications within either pool or in both pools and applications for more than 2,750,000 Hong Kong Offer Shares will be rejected.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any of the unsubscribed Hong Kong Offer Shares from the Hong Kong Public Offering to the International Offering, in such proportion as the Sole Global Coordinator deems appropriate;

(ii) if the Hong Kong Public Offering is fully subscribed or over-subscribed with the number of Offer Shares validly applied for under the Hong Kong Public Offering representing less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Sole Global Coordinator has the authority to reallocate Offer Shares to the Hong Kong Public Offering from the International Offering, and make available such reallocated Offer Shares as additional Hong Kong Offer Shares, provided that such reallocation shall comply with guidance letter HKEX-GL91-18 issued by the Stock Exchange;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then 11,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, such that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 16,500,000 Offer Shares, representing 30% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then 16,500,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, such that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 22,000,000 Offer Shares, representing 40% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then 22,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, such that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 27,500,000 Offer Shares, representing 50% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

In the event that the International Offer Shares are undersubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscriber(s) to subscribe for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions set forth in this prospectus and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed, then the Sole Global Coordinator has the authority to re-allocate Offer Shares to the Hong Kong Public Offering from the International Offering and make available such reallocated Offer Shares as additional Hong Kong Offer Shares, provided that such re-allocation shall comply with guidance letter HKEX-GL91-18 issued by the Stock Exchange.

In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed, irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for under the Hong Kong Public Offering representing less than 15 times of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Sole Global Coordinator has the authority to re-allocate Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate, provided that, in accordance with guidance letter HKEX-GL91-18 issued by the Stock Exchange, (i) the number of International Offer Shares re-allocated to the Hong Kong Public Offering should not exceed 5,500,000 Shares, representing 10% of the Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 11,000,000 Shares, representing 20% of the Offer Shares initially available under the Global Offering; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range stated in this prospectus (i.e. HK$2.10 per Offer Share) or (if a Downward Offer Price Adjustment is made) the final Offer Price after making a Downward Offer Price Adjustment.

Applications

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant application(s) under the Hong Kong Public Offering and to ensure that he/she/it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's applications are liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$2.60 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$2.60, being the maximum Offer Price, we will refund the respective difference (including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

INTERNATIONAL OFFERING

Number of Shares initially offered

The number of Shares to be initially offered for subscription under the International Offering will be 49,500,000 Shares (subject to reallocation and the Over-allotment Option), representing 90% of the number of Offer Shares under the Global Offering and 9.9% of our enlarged issued share capital immediately upon completion of the Capitalisation Issue and the Global Offering assuming that the Over-allotment Option is not exercised at all.

Allocation

The International Offering will include selective marketing of the International Offer Shares to professional, institutional and other investors anticipated to have a sizable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Under the International Offering, the International Underwriters will conditionally place the International Offer Shares with professional, institutional and other investors expected to have a sizeable demand for such International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Allocation of International Offer Shares under the International Offering will be effected in accordance with the "book-building" process described in the paragraphs headed "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell his/her/its Shares, after the Listing. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option).

No part of our Share is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

OVER-ALLOTMENT OPTION

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilising Manager at its sole and absolute discretion for itself and on behalf of the International Underwriters at any time within the period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Under the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to an aggregate of 8,250,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, for the purpose of covering over-allocations, if any, in the International Offering and/or to satisfy the obligations of the Sole Global Coordinator to return the borrowed securities under the Stock Borrowing Agreement. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 1.62% of our enlarged issued share capital following completion of the Capitalisation Issue and the Global Offering and exercise of the Over-allotment Option. These Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING AGREEMENT

For the purpose of facilitating settlements of over-allocations in connection with the International Offering, the Stabilising Manager may borrow up to 8,250,000 Shares from The Mearas Venture, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. Such stock borrowing arrangement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules as follows, and will therefore not be subject to the restrictions of Rule 10.07(1) of the Listing Rules:

(a) the stock borrowing arrangement, as fully described in this prospectus, is adopted for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in the International Offering;

(b) the maximum number of Shares to be borrowed from The Mearas Venture by the Stabilising Manager is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Shares so borrowed from The Mearas Venture will be returned to The Mearas Venture or its nominee by the third business day following the earliest of (i) the last day on which the Over-allotment Option may be exercised; (ii) the day on which the Over-allotment Option is exercised in full; (iii) the date of termination of the Stock Borrowing Agreement pursuant to the terms thereof; and (iv) such earlier time as may be agreed in writing between The Mearas Venture and the Stabilising Manager;

(d) the borrowing of Shares pursuant to the stock borrowing arrangement will be effected in compliance with applicable Listing Rules, laws and other regulatory requirements; and

(e) no payments will be made to The Mearas Venture by the Stabilising Manager in relation to the stock borrowing arrangement pursuant to the Stock Borrowing Agreement or otherwise.

Stabilisation

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time, to minimise and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be carried out in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws, rules and regulations, including those of Hong Kong (such as the Securities and Futures (Price Stabilizing) Rules). In Hong Kong and certain other jurisdictions, activities aimed at reducing the market price are prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Any relevant market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action, which if commenced, will be done at the absolute discretion of the Stabilising Manager or any person acting for it, and may be discontinued at any time. Any such stabilising action is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering in any event. The number of Shares that may be over-allocated will not exceed the number of Shares that may be subscribed for under the Over-allotment Option, namely 8,250,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

Stabilising actions permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules include:

(a) purchasing, or agreeing to purchase, any of the Shares, or offering or attempting to do the same, for the sole purpose of preventing or minimising any reduction in the market price of the Shares; and

(b) in connection with any action as described in (a) above taken in respect of any Shares,

    (i) allocating a greater number of Shares than the number that is initially offered, for the purpose of preventing or minimising any reduction in the market price of the Shares;

(ii) selling or agreeing to sell the Shares so as to establish a short position in them, for the purpose of preventing or minimising any reduction in the market price of the Shares;

(iii) pursuant to the Over-allotment Option, purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares in order to close out any position established under (b)(i) or (ii) above;

(iv) selling or agreeing to sell any Shares acquired by the Stabilising Manager in the course of any action as described in (a) above in order to liquidate any position that has been established by such action; and

(v) offering or attempting to do anything as described in (b)(ii), (iii), or (iv) above.

The Stabilising Manager, or any person acting for it, may take all or any of the above stabilising actions in Hong Kong. Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager, or any person acting for it, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period, which will begin on the Listing Date and end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilising period is expected to expire on Thursday, 30 June 2022, and after this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investors have paid for the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 8,250,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator at its sole and absolute discretion for itself and on behalf of the International Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 10 June 2022, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 10 June 2022. The Shares will be traded in board lots of 2,000 Shares each. The stock code of our Company is 2347.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or about Wednesday, 1 June 2022, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Offering.

The terms of the Underwriting Agreements are summarised in the section headed "Underwriting" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

Fully Electronic Application Process

We have adopted a paperless listing and subscription regime for the Hong Kong Public Offering, whereby (a) this prospectus is published solely in an electronic format; and (b) all subscriptions, where applicable, must be made through online electronic channels only. We will not provide printed copies of this prospectus or any application form to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com**. If you require a printed copy of this prospectus, you may print out the electronic copy of this prospectus downloadable from any of the above websites.

The electronic version of this prospectus and the printed version of this prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance are identical in terms of contents.

Set forth below are the procedures through which applications for the Hong Kong Offer Shares can be made electronically. We will not provide any physical channel for any application for the Hong Kong Offer Shares by the public.

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for the Hong Kong Offer Shares, you may:

- apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

- apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

  i. instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

  ii. (if you are an existing CCASS Investor Participant) giving electronic application instructions through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for

Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older; and

- are outside the United States, and are not a US Person (as defined in Regulation S under the U.S. Securities Act).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number/passport number (for individual applicant) or Hong Kong business registration number/certificate of incorporation number (for body corporate applicant); (ii) have a Hong Kong address and (iii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

- a Director or chief executive officer of our Company and/or any of its subsidiaries;

- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;

- an associate (as defined in the Listing Rules) of any of the above; and

- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by our Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Companies Act and our Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

4. MINIMUM PURCHASE AMOUNT AND PERMITTED NUMBERS

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 2,000 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
2,000	5,252.41	40,000	105,048.17	600,000	1,575,722.46	2,400,000	6,302,889.84
4,000	10,504.82	50,000	131,310.21	700,000	1,838,342.87	2,600,000	6,828,130.66
6,000	15,757.22	60,000	157,572.24	800,000	2,100,963.28	2,750,000(1)	7,222,061.28
8,000	21,009.63	70,000	183,834.28	900,000	2,363,583.69		
10,000	26,262.04	80,000	210,096.33	1,000,000	2,626,204.10		
12,000	31,514.45	90,000	236,358.37	1,200,000	3,151,444.92		
14,000	36,766.85	100,000	262,620.41	1,400,000	3,676,685.74		
16,000	42,019.26	200,000	525,240.82	1,600,000	4,201,926.56		
18,000	47,271.67	300,000	787,861.23	1,800,000	4,727,167.38		
20,000	52,524.08	400,000	1,050,481.64	2,000,000	5,252,408.20		
30,000	78,786.13	500,000	1,313,102.05	2,200,000	5,777,649.02		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Applicants who meet the criteria in "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the **IPO App** or the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service through the **IPO App** or the designated website at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 26 May 2022 until 11:30 a.m. on Tuesday, 31 May 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 31 May 2022 or such later time under the "10. Effect of bad weather and/or Extreme Conditions on the opening of the applications lists" in this section.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING THROUGH THE CCASS EIPO SERVICE

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Applying Through The CCASS EIPO Service

Where you have applied through the **CCASS EIPO** service (either indirectly through a broker or custodian or directly):

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number of such Shares allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as an agent;

- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and our Articles of Association;

- agree with our Company, for itself and for the benefit of each shareholder of our Company and each director, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of our Company and each director, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of our Company or any rights or obligations conferred or imposed by the Companies Ordinance or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association of our Company;

(b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with our Company (for our Company itself and for the benefit of each shareholder of our Company) that Shares in our Company are freely transferable by their holders;
- authorise our Company to enter into a contract on its behalf with each director and officer of our Company whereby each such director and officer undertakers to observe and comply with his obligations to shareholders stipulated in the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Applying Through The CCASS EIPO Service

By applying through the **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:(1)

Thursday, 26 May 2022	**–**	**9:00 a.m. to 8:30 p.m.**
Friday, 27 May 2022	**–**	**8:00 a.m. to 8:30 p.m.**
Saturday, 28 May 2022	**–**	**8:00 a.m. to 1:00 p.m.**
Monday, 30 May 2022	**–**	**8:00 a.m. to 8:30 p.m.**
Tuesday, 31 May 2022	**–**	**8:00 a.m. to 12:00 noon**

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 26 May 2022 until 12:00 noon on Tuesday, 31 May 2022 (24 hours daily, except on Tuesday, 31 May 2022, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 31 May 2022 the last application day or such later time as described in the paragraph headed "10. Effect of bad weather and/or Extreme Conditions on the opening of the application lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

With regard to the announcement of results of allocations under the section headed "Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS", the list of identification document number(s) may not be a complete list of successful applicants, only successful applicants whose identification document numbers are provided to HKSCC by CCASS Participants are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "**Ordinance**").

1. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of securities to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Share Registrar. Failure to supply the requested data may result in your application for securities being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) and/or refund cheque(s) to which you are entitled. It is important that securities holders inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

2. *Purposes*

The personal data of the securities holders may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of securities' holders including, where applicable, HKSCC Nominees;
- maintaining or updating the register of securities' holders of the Company;
- verifying securities holders' identities;
- establishing benefit entitlements of securities' holders of the Company, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and securities' holder profiles;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to securities' holders and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

3. *Transfer of personal data*

Personal data held by the Company and its Hong Kong Share Registrar relating to the securities holders will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;

- where applicants for securities request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the securities' holders have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

4. *Retention of personal data*

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of securities for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Ordinance.

5. *Access to and correction of personal data*

Securities holders have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us, at our registered address disclosed in "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or our Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by the **CCASS EIPO** service (directly or indirectly through your broker or custodian) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 31 May 2022.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee and apply through the **HK eIPO White Form** service, in the box marked "For Nominees", you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your own benefit.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, are made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

For the avoidance of doubt, giving an **electronic application instruction** through the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

You must pay the maximum Offer Price of HK$2.60 per Offer Share, plus brokerage of 1.00%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015% in full upon application for the Hong Kong Offer Shares. For every board lot of 2,000 Hong Kong Offer Shares, the amount payable upon application is HK$5,252.41.

You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in "4. Minimum Purchase Amount and Permitted Numbers" in this section, or as otherwise specified in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC), and Financial Reporting Council transaction levy will be paid to Hong Kong Exchanges and Clearing Limited who shall collect such levy on behalf of the Financial Reporting Council.

For further details on the Offer Price, please refer to the section headed "Structure of the Global Offering — Pricing and allocation" in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning signal; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 31 May 2022. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 31 May 2022 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning and/or Extreme Conditions signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Irrespective of whether a Downward Offer Price Adjustment is made, our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 9 June 2022 on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration/certificate of incorporation numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.yohohongkong.com** by no later than 9:00 a.m. on Thursday, 9 June 2022;

- from the "IPO Results" function in the **IPO App** and the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 9 June 2022 to 12:00 midnight on Wednesday, 15 June 2022;

- from the results allocation telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 9 June 2022 to Tuesday, 14 June 2022 on a business day (excluding Saturday, Sunday and public holidays in Hong Kong).

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise our discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Hong Kong Offer Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at **www.hkeipo.hk**;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Sponsor or the Sole Global Coordinator believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$2.60 per Offer Share (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy, will be refunded, without interest.

Any refund of your application monies will be made on Thursday, 9 June 2022.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service, where the Shares certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, 9 June 2022. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 10 June 2022 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 9 June 2022 or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representative(s) (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 9 June 2022 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at your own risk.

(ii) If you apply through the CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 9 June 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 9 June 2022. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 June 2022 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 9 June 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, Stock Exchange trading fee and Financial Reporting Council transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 9 June 2022.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YOHO GROUP HOLDINGS LIMITED AND CMBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Yoho Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-55, which comprise the consolidated statements of financial position of the Group as at 31 March 2019, 2020 and 2021 and 30 November 2021, the statement of financial position of the Company as at 30 November 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2021 and the eight months ended 30 November 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-55 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 26 May 2022 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2019, 2020 and 2021 and 30 November 2021, of the Company's financial position as at 30 November 2021 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eight months ended 30 November 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends declared and paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26 May 2022

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March			Eight months ended 30 November	
	Notes	**2019**	**2020**	**2021**	**2020**	**2021**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue	*5*	135,422	259,953	523,029	289,005	496,731
Cost of goods sold		(102,567)	(206,696)	(431,967)	(235,144)	(421,977)
		32,855	53,257	91,062	53,861	74,754
Other income	*6*	1	107	3,269	3,242	2
Other gains and losses	*7*	(540)	684	(112)	(127)	(11,463)
Selling and distribution expenses		(11,249)	(22,114)	(44,946)	(26,139)	(43,428)
Administrative expenses		(6,420)	(10,216)	(15,300)	(9,215)	(14,635)
Listing expenses		–	–	–	–	(16,065)
Finance costs	*8*	(31)	(112)	(236)	(146)	(289)
Profit (loss) before taxation		14,616	21,606	33,737	21,476	(11,124)
Income tax expense	*9*	(2,344)	(3,282)	(5,004)	(2,851)	(2,808)
Profit (loss) and total comprehensive income (expense) for the year/period		12,272	18,324	28,733	18,625	(13,932)
Earnings (loss) per share –	*13*					
Basic (HK$ cents)		3.65	4.69	6.99	4.53	(3.39)
Diluted (HK$ cents)		N/A	N/A	N/A	N/A	(3.39)

Consolidated Statements of Financial Position

		The Group			
		As at 31 March			As at 30 November
	Notes	**2019**	**2020**	**2021**	**2021**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*14*	488	2,488	2,756	6,289
Right-of-use assets	*15*	2,640	11,651	16,792	21,334
Deposits	*18*	565	951	2,401	3,388
		3,693	15,090	21,949	31,011
Current assets					
Inventories	*16*	15,782	32,275	66,946	68,785
Trade receivables	*17*	3,536	3,859	5,975	10,525
Other receivables, deposits and prepayments	*18*	2,646	10,036	8,862	18,058
Amount due from a director	*19*	1,638	220	–	–
Bank balances and cash	*20*	9,620	43,208	38,525	112,656
		33,222	89,598	120,308	210,024
Current liabilities					
Trade payables	*21*	3,279	6,867	27,244	37,695
Other payables and accruals	*22*	1,785	3,732	4,661	15,181
Contract liabilities	*23*	2,352	9,605	8,657	19,035
Amount due to a director	*19*	–	–	1,492	128
Derivative financial instrument	*25a*	774	–	–	–
Convertible redeemable preferred shares	*25b*	–	–	–	75,598
Income tax payable		395	1,742	2,066	5,320
Lease liabilities	*24*	2,033	2,508	5,394	7,316
Bank overdraft	*20*	–	–	964	–
		10,618	24,454	50,478	160,273
Net current assets		22,604	65,144	69,830	49,751
Total assets less current liabilities		26,297	80,234	91,779	80,762

		The Group			
		As at 31 March			As at 30 November
	Notes	**2019**	**2020**	**2021**	**2021**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities					
Other payable	*22*	–	–	–	270
Lease liabilities	*24*	655	9,744	12,711	15,356
Deferred tax liabilities	*9*	50	97	97	97
		705	9,841	12,808	15,723
Net assets		25,592	70,393	78,971	65,039
Capital and reserves					
Share capital	*26*	23,500	50,000	50,000	142
Reserves		2,092	20,393	28,971	64,897
Total equity		25,592	70,393	78,971	65,039

Statement of Financial Position of the Company

	Notes	**As at 30 November 2021** *HK$'000*
Non-current asset		
Investment in a subsidiary	*33*	75,955
Current assets		
Prepayments	*18*	5,409
Amount due from a subsidiary	*19*	49,037
		54,446
Current liabilities		
Accrued expenses	*22*	6,808
Convertible redeemable preferred shares	*25b*	75,598
		82,406
Net current liabilities		(27,960)
Net assets		47,995
Capital and reserves		
Share capital	*26*	142
Reserve	*27*	47,853
		47,995

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company				
	Share capital *HK$'000* *(note 26)*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(note c)*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2018	20	–	–	6,468	6,488
Profit and total comprehensive income for the year	–	–	–	12,272	12,272
Issuance of shares	9,980	–	–	–	9,980
Issuance of series A preferred shares *(note a)*	13,500	–	–	–	13,500
Transaction costs directly attributable to issue of shares	–	(576)	–	–	(576)
Dividends recognised as distribution *(note 12)*	–	–	–	(16,072)	(16,072)
At 31 March 2019	23,500	(576)	–	2,668	25,592
Profit and total comprehensive income for the year	–	–	–	18,324	18,324
Issuance of series A preferred shares *(note b)*	26,500	–	–	–	26,500
Transaction costs directly attributable to issue of shares	–	(105)	–	–	(105)
Exercise of call options on the series A preferred shares *(note 25(a))*	–	82	–	–	82
At 31 March 2020	50,000	(599)	–	20,992	70,393
Profit and total comprehensive income for the year	–	–	–	28,733	28,733
Dividends recognised as distribution *(note 12)*	–	–	–	(20,155)	(20,155)
At 31 March 2021	50,000	(599)	–	29,570	78,971
Loss and total comprehensive expense for the period	–	–	–	(13,932)	(13,932)
Transfer upon group reorganisation *(note 1(e))*	(49,858)	599	49,259	–	–
As 30 November 2021	142	–	49,259	15,638	65,039
At 1 April 2020	50,000	(599)	–	20,992	70,393
Profit and total comprehensive income for the period (unaudited)	–	–	–	18,625	18,625
At 30 November 2020 (unaudited)	50,000	(599)	–	39,617	89,018

Notes:

(a) On 7 January 2019, Yoho E-Commerce (as defined in note 1) issued 13,500,000 series A preferred shares at a total consideration of HK$13,500,000 to Biz Cloud Investments Limited ("Beyond Ventures Vehicle"), an independent third party.

(b) On 16 April 2019, Yoho E-Commerce issued 6,500,000 series A preferred shares at a total consideration of HK$6,500,000 to The Innovation and Technology Venture Fund Corporation ("ITVFC"), an independent third party.

On 11 October 2019, Beyond Ventures Vehicle subscribed for a total of 10,931,707 series A preferred shares of Yoho E-Commerce at a total consideration of HK$13,500,000; and on 7 November 2019, ITVFC subscribed for a total of 5,263,415 series A preferred shares of Yoho E-Commerce at a total consideration of HK$6,500,000.

(c) Other reserve represents the difference between the aggregate amount of share capital of the Company issued and the net asset values of Yoho BVI (as defined in note 1) in connection with the group reorganisation as disclosed in note 1(e) on 20 May 2021.

Consolidated Statements of Cash Flows

	Year ended 31 March			Eight months ended 30 November	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation	14,616	21,606	33,737	21,476	(11,124)
Adjustments for:					
Finance costs	31	112	236	146	289
Bank interest income	(1)	(107)	(178)	(151)	(2)
Depreciation of property, plant and equipment	135	310	705	449	963
Depreciation of right-of-use assets	1,225	3,114	4,881	3,078	4,930
Provision of impairment loss on inventories	22	286	373	133	696
Fair value change in derivative financial instrument	774	(692)	–	–	–
Fair value change in convertible redeemable preferred shares	–	–	–	–	11,495
Convertible redeemable preferred shares issue cost	–	–	–	–	400
Operating cash flows before movements in working capital	16,802	24,629	39,754	25,131	7,647
Increase in trade receivables	(866)	(323)	(2,116)	(5,676)	(4,550)
Increase in other receivables, deposits and prepayments	(1,204)	(7,776)	(276)	(5,833)	(5,298)
Increase in inventories	(7,061)	(16,779)	(35,044)	(24,590)	(2,535)
Increase in trade payables	1,785	3,588	20,377	5,547	10,451
Increase in other payables and accruals	934	1,947	929	1,290	9,088
Increase (decrease) in contract liabilities	933	7,253	(948)	11,466	10,378
Cash generated from operations	11,323	12,539	22,676	7,335	25,181
Income taxes (paid) refund	(3,738)	(1,888)	(4,680)	(491)	446
NET CASH FROM OPERATING ACTIVITIES	7,585	10,651	17,996	6,844	25,627

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
INVESTING ACTIVITIES					
Interest received	1	107	178	151	2
Purchase of property, plant and equipment	(254)	(2,310)	(973)	(902)	(4,496)
Advance to a director	(1,638)	(189)	–	–	–
Repayment from a director	–	1,607	220	–	–
NET CASH USED IN INVESTING ACTIVITIES	(1,891)	(785)	(575)	(751)	(4,494)
FINANCING ACTIVITIES					
Dividends paid	(16,072)	–	(20,155)	–	–
Proceeds from issue of shares	23,480	26,500	–	–	–
Share issue costs paid	(576)	(105)	–	–	(3,183)
Convertible redeemable preferred shares issue cost paid	–	–	–	–	(400)
Proceeds from issue of convertible redeemable preferred shares	–	–	–	–	64,103
Repayments of leases liabilities and related finance cost	(1,216)	(2,673)	(4,405)	(2,458)	(5,194)
Repayment to a director	(7,725)	–	–	–	(8,842)
Advance from a director	–	–	1,492	–	7,478
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(2,109)	23,722	(23,068)	(2,458)	53,962
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,585	33,588	(5,647)	3,635	75,095
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	6,035	9,620	43,208	43,208	37,561
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	9,620	43,208	37,561	46,843	112,656
Represented by:					
Bank balances and cash	9,620	43,208	38,525	46,843	112,656
Bank overdraft	–	–	(964)	–	–
	9,620	43,208	37,561	46,843	112,656

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 13 April 2021. The addresses of the Company's registered office and the principal place of business are disclosed in the paragraph headed "Corporate Information" to the Prospectus. The ultimate controlling shareholders of the Company are Mr. Wu Faat Chi ("Mr. Wu") and Ms. Tsui Ka Wing ("Ms. Tsui"), spouse of Mr. Wu (collectively referred as "Controlling Shareholders"), who owns a total of 80.2% equity interests in the Company through their respective wholly-owned investment holding companies incorporated in the British Virgin Islands (the "BVI"), namely The Mearas Venture Limited ("The Mearas Venture"), which is owned by Mr. Wu, and The Wings Venture Limited ("The Wings Venture"), which is owned by Ms. Tsui. The Controlling Shareholders are the founders of the group entities now comprising the Group and have been acting in concert on their ownerships and exercise their control collectively over the companies now comprising the Group.

The Company acts as an investment holding company and the operating subsidiaries, as disclosed in Note 33, are principally engaged in sales of consumer electronics and home appliances and lifestyle products.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with HKFRSs issued by the HKICPA and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

Prior to the reorganisation as described below (the "Reorganisation"), Yoho E-Commerce Holdings Limited ("Yoho E-Commerce") (formerly known as "Yoho Group Holding Limited"), a limited liability company incorporated in Hong Kong, was 80.2% owned by the Controlling Shareholders.

In preparation of the listing of the Company's shares on the Stock Exchange (the "Listing"), the companies comprising the Group underwent Reorganisation as described below.

(a) On 17 March 2021, Yoho BVI was incorporated in the BVI with limited liability. Upon incorporation, one share was allotted and issued to Mr. Wu. Upon completion of such allotment, Yoho BVI was wholly owned by Mr. Wu.

(b) On 30 March 2021, Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC transferred their respective shares in Yoho E-Commerce, representing the entire issued share capital of Yoho E-Commerce, to Yoho BVI, which was settled by way of an allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares and 24,431,707 series A preferred shares and 11,763,415 series A preferred shares to Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC, respectively, by Yoho BVI. Upon the completion of the aforesaid transfer, Yoho E-Commerce has become a wholly owned subsidiary of Yoho BVI.

(c) On 13 April 2021, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of United States dollar ("US$") 50,000 divided into 50,000 shares of a par value of US$1.0 each. Upon incorporation, one share was allotted and issued at par to an initial subscriber, an independent third party, and was transferred to Mr. Wu on the same day.

(d) On 27 April 2021, Beyond Ventures Vehicle acquired ITVFC's 11,763,415 series A preferred shares in Yoho BVI. Upon the completion of the transfer, the Controlling Shareholders and Beyond Ventures owned as to 80.2% and 19.8% of Yoho BVI.

(e) On 20 May 2021, each issued and unissued share of US$1.0 par value in the authorised share capital of the Company was subdivided into 10,000 shares of US$0.0001 par value each. On 21 May 2021, Mr. Wu, Ms. Tsui and Beyond Ventures Vehicle transferred their respective shares in Yoho BVI to the Company, which was settled by way of allotment and issue of 74,459,999 ordinary shares, 71,540,000 ordinary shares and a total of 36,195,122 series A preferred shares of the Company ("Tranche One Series A Preferred Shares") to The Mearas Venture, The Wings Venture and Beyond Ventures Vehicle by the Company. Upon the completion of the aforesaid transfer, Yoho BVI has become a wholly owned subsidiary of the Company.

Pursuant to the Reorganisation detailed above, on 21 May 2021, the Company has become the holding company of the companies now comprising the Group by interspersing the Company and Yoho BVI between the Controlling Shareholders and Yoho E-Commerce. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising the Group, as if the Company had always been the holding company of the Group and the current group structure has been in existence throughout the Track Record Period, or since their respective dates of the incorporation or establishment, where there is a shorter period.

The consolidated statements of financial position as at 31 March 2019, 2020 and 2021 have been prepared to present the carrying amounts of the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of the incorporation or establishment, where applicable.

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

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies, which conform with HKFRSs issued by the HKICPA that are effective for the financial year beginning 1 April 2021 and throughout the Track Record Period.

The Group has not early applied the following new and amendments to HKFRSs in issue which are not yet effective.

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

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period (as explained in the accounting policies below) and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

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

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

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

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

Investment in a subsidiary

Investment in a subsidiary is stated at cost less any identified impairment loss.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under the Group's customer loyalty programme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Foreign currencies

In preparing the financial statements of the each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit (loss) before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leases

Definition of a lease

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

The Group assesses whether a contract is or contains a lease, at inception of a contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concession in which the Group applied the practical expedient.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of assessment.

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

Covid-19-related rent concessions

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

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

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

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

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating unites) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivable, other receivables and deposits, amount due from a director and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always assesses lifetime ECL for trade receivables.

For all other financial instruments, the Group assesses the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

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

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

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

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments;
- Past-due status; and
- Nature, size and industry of debtors.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables where the correspondence adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

The Group has designated convertible redeemable preferred shares as financial liabilities at FTVPL. The fair value change of financial liabilities at FVTPL recognised in profit or loss is included in the "other gains and losses" line item.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables and accruals, amount due to a director and bank overdraft) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instrument

Derivative is initially recognised at fair value at the date when derivative contract is entered into and is subsequently remeasured to its fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Estimated allowance for inventories

The identification of aged or obsolete inventories requires the use of judgment and estimates on the conditions and marketability of the inventories. The Group makes allowance for inventories based on an assessment of the net realisable value of inventories after the consideration of the current market conditions, products life cycle, marketing and promotion plans, historical sales records, aging analysis and subsequent sales of the inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The carrying amount of inventories is HK$15,782,000, HK$32,275,000, HK$66,946,000 and HK$68,785,000 (net of allowance of HK$162,000, HK$448,000, HK$821,000 and HK$1,385,000) as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

Estimation of the convertible redeemable preferred shares

The convertible redeemable preferred shares issued by the Company are not traded in an active market, and the respective fair value is determined by using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Key assumptions such as the discount rate and expected volatility are disclosed in Note 31. The fair value of the convertible redeemable preferred shares issued by the Company as at 30 November 2021 is HK$75,566,000.

5. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	Year ended 31 March			Eight months ended 30 November	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Sales of products *(Note)*					
– Consumer electronics	17,684	50,929	138,087	62,311	132,865
– Beauty and health electronic products	41,471	58,785	91,626	56,769	75,245
– Home appliances	63,248	123,820	207,550	120,070	209,919
– Computers and peripherals	6,407	10,472	49,670	25,923	49,216
– Lifestyle products	6,612	15,723	35,693	23,706	28,532
Revenue from sales of products	135,422	259,729	522,626	288,779	495,777
Provision of advertising services	–	224	403	226	954
Total	135,422	259,953	523,029	289,005	496,731
Sales channel in relation to the sales of products:					
– Retail sales through retail stores	37,064	47,384	77,417	42,920	82,949
– Retail sales through internet	77,356	175,995	413,470	225,222	394,520
– Wholesale	21,002	36,350	31,739	20,637	18,308
	135,422	259,729	522,626	288,779	495,777
Geographical markets:					
– Hong Kong	132,003	256,060	509,602	285,765	484,747
– The People's Republic of China (other than Hong Kong)	348	405	8,317	176	7,228
– Others	3,071	3,488	5,110	3,064	4,756
	135,422	259,953	523,029	289,005	496,731
Timing of revenue recognition:					
– A point in time	135,422	259,729	522,626	288,779	495,777
– Over time	–	224	403	226	954
	135,422	259,953	523,029	289,005	496,731

Note:

For details of each category of sales of products, refer to the subsection headed "Our Products" in "Business" section to the Prospectus.

Performance obligations for contracts with customers

Sales of products

The Group sells products directly to customers through its own retail outlets, through internet sales and through wholesale.

For sales of products to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the payment for transaction is due immediately. The transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

For sales of products through wholesale, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler's specific location. Transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the wholesalers. The normal credit term is generally 30 days upon delivery.

Provision of advertising services

Revenue from the provision of advertising services is recognised over time over the period of service as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the service. Revenue is recognised for the service based on the contract price. The normal credit term is generally 30 days from the date of issue of invoice.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail stores and internet sales where retail customer award points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points any time before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed by the award points holders or expired. The sales discounts is recognised and net to the revenue.

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

As at 31 March 2019, 2020 and 2021 and 30 November 2021, contracts with customers with unsatisfied performance obligations, including customer loyalty programme, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or customer loyalty programme are not disclosed.

Segment information

For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical information of the Group's revenue based on the location of the goods delivered and services rendered is disclosed above. The Group's non-current assets are all located in Hong Kong.

Information about major customers

None of the Group's customers contributed over 10% of the Group's total revenue during each of the Track Record Period.

6. OTHER INCOME

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Bank interest income	1	107	178	151	2
Government grants *(Note)*	–	–	3,089	3,089	–
Sundry income		–	2	2	–
	1	107	3,269	3,242	2

Note:

During the eight months ended 30 November 2020 and the year ended 31 March 2021, the Group recognised government grants of approximately HK$3,089,000 (unaudited) and HK$3,089,000, respectively, in respect of the Employment Support Scheme launched by the Hong Kong government.

7. OTHER GAINS AND LOSSES

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Fair value change in derivative financial instrument	(774)	692	–	–	–
Fair value change in convertible redeemable preferred shares	–	–	–	–	(11,495)
Net foreign exchange gain (loss)	234	(8)	(112)	(127)	32
	(540)	684	(112)	(127)	(11,463)

8. FINANCE COSTS

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on lease liabilities	31	112	236	146	289

9. INCOME TAX EXPENSE/DEFERRED TAX LIABILITIES

Income tax expense

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax:					
– Hong Kong Profits Tax	2,335	3,235	5,004	2,851	2,808
Deferred tax charge	9	47	–	–	–
Income tax expense	2,344	3,282	5,004	2,851	2,808

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

During the Track Record Period, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Group and at 16.5% on the estimated assessable profits above HK$2,000,000. The profits of other subsidiaries not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

The Company's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary was HK$20,000 for each of the years/periods during the Track Record Period.

The income tax expense for each of the Track Record Period can be reconciled to the profit (loss) before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Eight months ended 30 November	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit (loss) before taxation	14,616	21,606	33,737	21,476	(11,124)
Tax charge (credit) at the Hong Kong Profits Tax rate of 16.5%	2,412	3,565	5,567	3,544	(1,835)
Tax effect of expenses not deductible for tax purpose	137	54	161	27	4,808
Tax effect of income not taxable for tax purpose	–	(132)	(539)	(535)	–
Tax concession	(40)	(40)	(20)	(20)	–
Tax effect on two-tiered tax rate	(165)	(165)	(165)	(165)	(165)
Income tax expense	2,344	3,282	5,004	2,851	2,808

Deferred tax liabilities

The following is the deferred tax liabilities recognised and movements thereon during the Track Record Period.

	Accelerated tax allowance
	HK$'000
At 1 April 2018	(41)
Charge to profit or loss	(9)
At 31 March 2019	(50)
Charge to profit or loss	(47)
At 31 March 2020, 2021 and 30 November 2021	(97)

10. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit (loss) for the year/period has been arrived at after charging:					
Auditor's remuneration	45	45	45	30	30
Directors' remuneration *(note 11)*	1,294	1,294	1,200	798	798
Other staff costs (excluding the directors' remuneration)					
– Salaries, allowances and other benefits	7,129	12,740	19,229	11,389	16,560
– Retirement benefits schemes contributions	338	597	880	548	730
Total staff costs	8,761	14,631	21,309	12,735	18,088
Depreciation of property, plant and equipment	135	310	705	449	963
Depreciation of right-of-use assets	1,225	3,114	4,881	3,078	4,930
Cost of inventories recognised as an expense (including allowance for provision of impairment loss on inventories of HK$22,000, HK$286,000, HK$373,000, HK$133,000 (unaudited) and HK$696,000)	102,567	206,696	431,967	235,144	421,977

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and the chief executive officer's emoluments

Mr. Wu, who is also the chief executive officer, was appointed as the director of the Company on 13 April 2021 and re-designated as the executive director and appointed as the chairman of the board of directors of the Company on 11 June 2021. Ms. Tsui and Mr. Man Lap ("Mr. Man") were appointed as the directors of the Company on 20 May 2021 and re-designated as the executive director and non-executive director of the Company on 11 June 2021, respectively.

Mr. Hsieh Wing Hong Sammy ("**Mr. Hsieh**") and Mr. Adamczyk Alexis Thomas David ("**Mr. Adamczyk**") were appointed as the non-executive directors of the Company in June 2021.

The emoluments paid or payable to the directors of the Company (including emoluments for services as directors/employees of the group entities prior to becoming directors of the Company) by the Group during the Track Record Period are as follows:

For the year ended 31 March 2019

Executive directors:	**Mr. Wu**	**Ms. Tsui**	**Mr. Man**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fee	–	–	–	–
Salaries allowances and other benefits	581	581	–	1,162
Discretionary bonus *(Note)*	48	48	–	96
Retirement benefits scheme contributions	18	18	–	36
	647	647	–	1,294

For the year ended 31 March 2020

Executive directors:	**Mr. Wu**	**Ms. Tsui**	**Mr. Man**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fee	–	–	–	–
Salaries allowances and other benefits	581	581	–	1,162
Discretionary bonus *(Note)*	48	48	–	96
Retirement benefits scheme contributions	18	18	–	36
	647	647	–	1,294

For the year ended 31 March 2021

Executive directors:	**Mr. Wu**	**Ms. Tsui**	**Mr. Man**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fee	–	–	–	–
Salaries allowances and other benefits	582	582	–	1,164
Retirement benefits scheme contributions	18	18	–	36
	600	600	–	1,200

For the eight months ended 30 November 2020 (unaudited)

Executive directors:	**Mr. Wu**	**Ms. Tsui**	**Mr. Man**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fee	–	–	–	–
Salaries allowances and other benefits	387	387	–	774
Retirement benefits scheme contributions	12	12	–	24
	399	399	–	798

For the eight months ended 30 November 2021

Executive directors:	**Mr. Wu**	**Ms. Tsui**	**Mr. Man**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fee	–	–	–	–
Salaries allowances and other benefits	387	387	–	774
Retirement benefits scheme contributions	12	12	–	24
	399	399	–	798

Non-executive directors:	**Mr. Man**	**Mr. Hsieh**	**Mr. Adamczyk**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fee	–	–	–	–
Salaries allowances and other benefits	–	–	–	–
Retirement benefits scheme contributions	–	–	–	–
	–	–	–	–

Note: The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

None of the directors nor chief executive waived or agreed to waive any emoluments during the Track Record Period.

(b) Five highest paid employees

The five highest paid individuals included two, two, two, two (unaudited) and two directors for the years ended 31 March 2019, 2020 and 2021 and the eight months ended 30 November 2020 and 2021, respectively, whose emoluments are included in the disclosures in (a) above for the Track Record Period. The emoluments of the remaining three, three, three, three (unaudited) and three individuals for the years ended 31 March 2019, 2020 and 2021 and the eight months ended 30 November 2020 and 2021, respectively, are as follows:

	Year ended 31 March			**Eight months ended 30 November**	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries allowances and other benefits	1,002	1,275	1,447	961	1,498
Discretionary bonus *(Note)*	104	113	192	–	142
Retirement benefits scheme contributions	49	54	54	36	36
	1,155	1,442	1,693	997	1,676

Note: The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

The emoluments of the highest paid employees who are not directors of the Company were within the following band:

	Year ended 31 March			**Eight months ended 30 November**	
	2019	**2020**	**2021**	**2020**	**2021**
	number of employee	*number of employee*	*number of employee*	*number of employee* (unaudited)	*number of employee*
Nil to HK$1,000,000	3	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the chief executive officer of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

During the years ended 31 March 2019 and 31 March 2021, Yoho E-Commerce declared dividends of HK$16,072,000 and HK$20,155,000, respectively, to the then shareholders of Yoho E-Commerce.

The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

Other than disclosed above, no dividend was paid or declared by the Company since its incorporation or by other group entities during the Track Record Period.

13. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the following data.

	Year ended 31 March			Eight months ended 30 November	
	2019	**2020**	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Earnings (loss):					
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the year/period attributable to owners of the Company)	12,272	18,324	28,733	18,625	(13,932)
Number of Shares:					
Weighted average number of shares for the purpose of basic earnings (loss) per share	336,428,630	390,339,448	411,085,443	411,085,443	411,085,443

The number of ordinary shares outstanding during the Track Record Period on the assumption that the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) as detailed in section headed "Share Capital" in the Prospectus, had been effective on 1 April 2018.

No diluted earnings per share is presented for the year ended 31 March 2019, 2020 and 2021 and eight months ended 30 November 2020 as there was no potential ordinary share in issue.

During the eight months ended 30 November 2021, the Company had one category of potential ordinary shares – convertible redeemable preferred shares (as detailed in note 25(b)). These potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Office furniture and equipment	Computer equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018	70	137	264	471
Additions	87	69	98	254
At 31 March 2019	157	206	362	725
Additions	2,023	15	272	2,310
At 31 March 2020	2,180	221	634	3,035
Additions	612	118	243	973
At 31 March 2021	2,792	339	877	4,008
Additions	2,029	962	1,505	4,496
At 30 November 2021	4,821	1,301	2,382	8,504
DEPRECIATION				
At 1 April 2018	14	35	53	102
Provided for the year	43	32	60	135
At 31 March 2019	57	67	113	237
Provided for the year	170	42	98	310
At 31 March 2020	227	109	211	547
Provided for the year	489	62	154	705
At 31 March 2021	716	171	365	1,252
Provided for the period	561	138	264	963
At 30 November 2021	1,277	309	629	2,215
CARRYING VALUES				
At 31 March 2019	100	139	249	488
At 31 March 2020	1,953	112	423	2,488
At 31 March 2021	2,076	168	512	2,756
At 30 November 2021	3,544	992	1,753	6,289

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of lease terms of the leased properties or 5 years
Office furniture and equipment	20%
Computer equipment	20%

15. RIGHT-OF-USE ASSETS

	Office premises *HK$'000*	Warehouses *HK$'000*	Retail stores *HK$'000*	Total *HK$'000*
COST				
At 1 April 2018	–	–	1,453	1,453
Additions	1,229	1,869	–	3,098
At 31 March 2019	1,229	1,869	1,453	4,551
Additions	–	–	12,125	12,125
At 31 March 2020	1,229	1,869	13,578	16,676
Additions	3,206	6,816	–	10,022
At 31 March 2021	4,435	8,685	13,578	26,698
Additions	2,041	–	7,431	9,472
Disposals upon the maturity of the lease contracts	(1,229)	(1,869)	–	(3,098)
At 30 November 2021	5,247	6,816	21,009	33,072
DEPRECIATION				
At 1 April 2018	–	–	686	686
Provided for the year	461	280	484	1,225
At 31 March 2019	461	280	1,170	1,911
Provided for the year	615	1,122	1,377	3,114
At 31 March 2020	1,076	1,402	2,547	5,025
Provided for the year	840	1,757	2,284	4,881
At 31 March 2021	1,916	3,159	4,831	9,906
Provided for the period	1,006	1,474	2,450	4,930
Eliminated on disposals upon the maturity of the lease contracts	(1,229)	(1,869)	–	(3,098)
At 30 November 2021	1,693	2,764	7,281	11,738
CARRYING VALUES				
At 31 March 2019	768	1,589	283	2,640
At 31 March 2020	153	467	11,031	11,651
At 31 March 2021	2,519	5,526	8,747	16,792
At 30 November 2021	3,554	4,052	13,728	21,334

The Group leases office premises, warehouses and retail stores during the Track Record Period. Lease contracts are entered into for fixed term of 2 to 5 years, without any extension nor termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the years ended 31 March 2019, 2020 and 2021 and the eight months ended 30 November 2020 and 2021, total cash outflows for the leases of the Group were HK$1,216,000, HK$2,673,000, HK$4,405,000, HK$2,458,000 (unaudited) and HK$5,194,000, respectively.

Rent concessions

During the year ended 31 March 2020, lessor of a retail store provided rent concessions to the Group through rent reduction of 75% of one month payment.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$124,000 were recognised as negative variable lease payments.

Restrictions or covenants on leases

In addition, lease liabilities of HK$2,688,000, HK$12,252,000, HK$18,105,000 and HK$22,672,000 are recognised with related right-of-use assets of HK$2,640,000, HK$11,651,000, HK$16,792,000 and HK$21,334,000 as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. INVENTORIES

	As at 31 March			As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consumer electronics and home appliances and lifestyle products	15,782	32,275	66,946	68,785

17. TRADE RECEIVABLES

	As at 31 March			As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	3,536	3,859	5,975	10,525

As at 1 April 2018, trade receivables from contracts with customers amounted to HK$2,670,000.

The Group generally grants credit terms of 30 days to its wholesale customers from the date of invoices. Sales made through retail stores or internet are settled by cash or credit cards through payment gateways, which will generally settle the amounts with the Group within 2 days after the sales made. An ageing analysis of the trade receivables, net of allowance for impairment losses, presented based on the invoice dates at the end of each reporting period is as follows:

	As at 31 March			As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	2,546	2,395	4,634	9,037
31 to 60 days	986	807	840	1,105
61 to 90 days	3	–	251	252
Over 90 days	1	657	250	131
	3,536	3,859	5,975	10,525

The Group applies simplified approach to provide for ECL of trade receivables prescribed by HKFRS 9. Details of impairment assessment of trade receivables as at 31 March 2019, 2020 and 2021 and 30 November 2021 are set out in note 31.

As at 31 March 2019, 2020 and 2021 and 30 November 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,254,000, HK$1,399,000, HK$1,436,000 and HK$1,846,000, respectively, which are past due as at the reporting date. Out of the past due balances as at 31 March 2019, 2020 and 2021 and 30 November 2021, HK$1,000, HK$33,000, nil and HK$6,000, respectively, has been past due 90 days or more and is not considered as in default since the management of the Group are of the opinion that the balances are still considered recoverable due to the management's historical experience. The Group does not hold any collateral over these balances.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group				The Company
	As at 31 March			As at 30 November	As at 30 November
	2019	2020	2021	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Rental and utilities deposits	550	1,292	1,249	2,775	–
Prepayments and deposits to suppliers	1,926	6,228	6,417	4,711	–
Prepaid issue costs	–	–	–	524	524
Deferred issue costs	–	–	–	4,885	4,885
Other receivables, deposits and prepayments	735	3,467	3,597	8,551	–
Total	3,211	10,987	11,263	21,446	5,409
Presented as non-current assets	565	951	2,401	3,388	–
Presented as current assets	2,646	10,036	8,862	18,058	5,409
Total	3,211	10,987	11,263	21,446	5,409

Included in other receivables were amounts of HK$550,000, HK$1,049,000, HK$1,657,000 and HK$4,416,000 as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively, represented amounts received from customers in advance by payment gateway companies, for which control of the relevant goods has not been transferred.

Details of impairment assessment of other receivables and deposits as at 31 March 2019, 2020 and 2021 and 30 November 2021 are set out in note 31.

19. AMOUNTS DUE FROM/TO A DIRECTOR/A SUBSIDIARY

(a) Amount due from a director

The Group

						Maximum amount outstanding			
	As at 1 April	As at 31 March			As at 30 November	during the year ended 31 March			during the eight months ended 30 November
	2018	2019	2020	2021	2021	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Wu	–	1,638	220	–	–	6,508	1,729	1,294	–

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

Details of impairment assessment are set out in note 31.

(b) Amount due to a director

The Group

	As at 31 March			As at 30 November
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Wu	–	–	1,492	128

The amount is non-trade in nature, unsecured, interest-free and repayable on demand. As represented by the directors of the Company, the amount will be settled upon the Listing.

(c) Amount due from a subsidiary

The Company

The amount is unsecured, interest-free and repayable on demand.

20. BANK BALANCES AND CASH/BANK OVERDRAFT

Bank balances

Bank balances carry variable interest at market rates of 0.01% per annum as at 31 March 2019, 2020 and 2021 and 30 November 2021.

Details of impairment assessment of bank balances are set out in note 31.

Bank overdraft

As at 31 March 2021, unsecured bank overdraft which denominated in HK$ and carried interest at market rates which was 4%. The entire balance were subsequently settled after 31 March 2021.

21. TRADE PAYABLES

The credit period granted by suppliers ranged from 0 to 30 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of each reporting period is as follows:

	As at 31 March			As at 30 November
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	3,154	5,446	25,573	32,037
31 to 60 days	110	1,286	1,327	3,771
61 to 90 days	–	–	25	880
Over 90 days	15	135	319	1,007
	3,279	6,867	27,244	37,695

22. OTHER PAYABLES AND ACCRUALS

	The Group				The Company
	As at 31 March			As at 30 November	As at 30 November
	2019	2020	2021	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	930	2,353	2,913	6,192	–
Salaries payables	855	1,379	1,748	2,451	–
Accrued listing expense	–	–	–	5,106	5,106
Accrued issue costs	–	–	–	1,702	1,702
Total	1,785	3,732	4,661	15,451	6,808
Presented as current liabilities	1,785	3,732	4,661	15,181	6,808
Presented as non-current liabilities	–	–	–	270	–
Total	1,785	3,732	4,661	15,451	6,808

23. CONTRACT LIABILITIES

	As at 31 March			As at 30 November
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Advances received in relation to the sales of electronic appliances	1,999	9,099	7,446	16,274
Customer loyalty programme	353	506	1,211	2,761
	2,352	9,605	8,657	19,035

As at 1 April 2018, the contract liabilities amounted to HK$1,419,000.

For the contract liabilities as at 1 April 2018, 31 March 2019, 2020 and 2021 and 30 November 2021, the entire balances were/will be recognised as revenue during the years/period ended/ending 31 March 2019, 2020 and 2021, 30 November 2021 and 31 March 2022, respectively.

Advances received in relation to the sales of electronic appliances

Contract liabilities in relation to the sales of electronic appliances represent the advance payments received from the customers upon ordering and before delivery, until the goods are delivered and revenue are recognised.

Customer loyalty programme

The Group offers customer loyalty programme in the Group's operation. Basically, the customers can earn one point for every HK$1 purchase from the Group. The customers can enjoy discount in future purchase by utilising the award points earned under the customer loyalty programme (in general every 200 points can be used as HK$1). All award points can be accumulated and will be expired in the following year since the last purchase. Contract liabilities in relation to customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period.

The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points are redeemed.

24. LEASE LIABILITIES

	As at 31 March			As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Lease liabilities payable				
Within one year	2,033	2,508	5,394	7,316
More than one year, but not more than two years	655	2,448	5,706	7,307
More than two years, but not more than five years	–	6,112	7,005	8,049
More than five years	–	1,184	–	–
	2,688	12,252	18,105	22,672
Less: Amount due for settlement with 12 months shown under current liabilities	(2,033)	(2,508)	(5,394)	(7,316)
Amount due for settlement after 12 months shown under non-current liabilities	655	9,744	12,711	15,356

The weighted average incremental borrowing rates applied to lease liabilities is 1.92%, 1.41%, 1.57% and 1.91% as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

25. DERIVATIVE FINANCIAL INSTRUMENT AND CONVERTIBLE REDEEMABLE PREFERRED SHARES

(a) Derivative financial instrument

On 7 January 2019, Yoho E-Commerce issued call options to Beyond Ventures Vehicle, pursuant to which Beyond Ventures Vehicle shall have the option, but not the obligation, to subscribe from Yoho E-Commerce series A preferred shares in an amount of up to HK$20,000,000 at post-money valuation of HK$225,000,000 in Yoho E-Commerce (the "Call Option"). The Call Option might be exercised on or before 30 June 2019.

On 30 June 2019, Beyond Ventures Vehicle gave notice to exercise the Call Option to subscribe for 10,931,707 series A preferred shares of Yoho E-Commerce at a consideration of HK$13,500,000; and designate ITVFC to subscribe for 5,263,415 series A preferred shares of Yoho E-Commerce at a consideration of HK$6,500,000. The issuance of series A preferred shares of Yoho E-Commerce to Beyond Ventures Vehicle and ITVFC was completed on 11 October 2019 and 7 November 2019, respectively.

The Call Option was measured at fair value at 7 January 2019, 31 March 2019 and 30 June 2019 by D&P China (HK) Limited, an independent qualified professional valuer with the registered address as 3F, Three Pacific Place 1, Queens Road East, Hong Kong based on Black-Scholes Pricing Model.

The movement of the fair value of the Call Option is set out as below:

	HK$'000
At 1 April 2018	–
Issued during the year	290
Fair value change	484
At 31 March 2019	774
Fair value change	(692)
Exercised during the year	(82)
At 31 March 2020, 2021 and 30 November 2021	–

(b) Convertible redeemable preferred shares

On 20 May 2021, certain independent third parties and Mr. Adamczyk, one of the Group's non-executive director (collectively referred as the "**2021 Pre-IPO New Shares Investors**"), the Company, Mr. Wu and Ms. Tsui entered into a subscription agreement, pursuant to which the 2021 Pre-IPO New Shares Investors subscribed for a total of 15,031,101 series A preferred shares of the Company ("Tranche Two Series A Preferred Shares") at a total consideration of US$8,250,000 (equivalent to HK$64,103,000). Tranche Two Series A Preferred Shares enjoyed all the rights entitled to Tranche One Series A Preferred Shares as set out in note 26.

In addition, the Tranche Two Series A Preferred Shares held by the 2021 Pre-IPO New Shares Investors contain put option right (such right survives after the submission of the application for the Listing but can only be exercised if a qualified initial public offerings ("QIPO") does not take place within the prescribed period of time or the occurrence of any liquidation, dissolution or winding up of the Company, a merger, acquisition, change of control, consolidation, amalgamation or other transaction or series of transactions in which the Company's shareholders prior to such transaction or transactions shall not retain a majority of the voting power of the surviving entity, or a sale, lease, licence or other transfer of all or substantially all the Company's assets), which is not granted to holders of the Tranche One Series A Preferred Shares. The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at FVTPL with the changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

The movement of the fair value of the convertible redeemable preferred shares is set out as below:

	HK$'000
At 1 April 2018, 31 March 2019, 2020 and 2021	–
Issued during the period	64,103
Fair value change	11,495
At 30 November 2021	75,598

The convertible redeemable preferred shares were measured at fair value at 21 May 2021 and 30 November 2021 by D&P China (HK) Limited, an independent qualified professional valuer with the registered address as 3/F, Three Pacific Place 1, Queens Road East, Hong Kong based on Black-Scholes Pricing Model.

26. SHARE CAPITAL

The share capital of the Group as at 1 April 2018 represented the combined share capital of Yoho Retail and Globiz (as defined in note 33).

The share capital of the Group as at 31 March 2019 and 31 March 2020 represented the share capital of Yoho E-Commerce; and that as at 31 March 2021 represented the share capital of Yoho BVI, while certain share capital in the form of series A preferred shares afforded the holders special rights.

Details of the series A preferred shares of Yoho E-Commerce and Yoho BVI are disclosed as follows:

	Yoho E-Commerce		Yoho BVI	
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*
At 1 April 2018	–	–	–	–
Issuance of series A preferred shares	13,500,000	13,500	–	–
At 31 March 2019	13,500,000	13,500	–	–
Issuance of series A preferred shares	22,695,122	26,500	–	–
At 31 March 2020	36,195,122	40,000	–	–
Issuance of series A preferred shares of Yoho BVI *(note 1(b))*	(36,195,122)	(40,000)	36,195,122	40,000
At 31 March 2021	–	–	36,195,122	40,000
Issuance of Tranche One Series A Preferred Shares *(note 1(e))*	–	–	(36,195,122)	(40,000)
As at 30 November 2021	–	–	–	–

The holders of series A preferred shares of Yoho E-Commerce and Yoho BVI shall be entitled to participate pro-rata in any dividends declared or paid on the ordinary shares and in any other distribution of surplus assets of Yoho E-Commerce and Yoho BVI, respectively, on an as-if converted basis.

The series A preferred shares of Yoho E-Commerce and Yoho BVI shall be converted into ordinary shares of Yoho E-Commerce and Yoho BVI, respectively, at the conversion rate of one ordinary share for each series A preferred share upon request by the holders of the series A preferred shares.

In the event of a deemed liquidation event or any liquidation, dissolution or winding up of Yoho E-Commerce and Yoho BVI, the holder of the series A preferred shares of Yoho E-Commerce and Yoho BVI, respectively, shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares of Yoho E-Commerce and Yoho BVI, respectively, an amount per series A preferred share equal to the original purchase price paid for such series A preferred share together with any declared but unpaid dividends. The holder of series A preferred shares of Yoho E-Commerce and Yoho BVI enjoyed the same voting rights of a holder of the ordinary shares of Yoho E-Commerce and Yoho BVI, respectively.

The share capital of the Group as at 30 November 2021 represented the share capital of the Company.

The Company

Authorised:

	Number of shares	**Nominal value of ordinary shares**
		US$'000
At 13 April 2021 (date of incorporation)	50,000	50
Share subdivision	499,950,000	–
At 30 November 2021	500,000,000	50

On 20 May 2021, each issued and unissued share of US$1.0 par value in the authorised share capital of the Company was subdivided into 10,000 shares of US$0.0001 par value each.

Issued:

	Number of ordinary shares	Number of Tranche One Series A Preference Shares	Equivalent nominal value of ordinary shares *US$'000*	Equivalent nominal value of ordinary shares *HK$'000*
At 13 April 2021 (date of incorporation)	1	–	–	–
Issuance of ordinary shares to The Mearas Venture *(note 1(e))*	74,459,999	–	7	58
Issuance of ordinary shares to The Wings Venture *(note 1(e))*	71,540,000	–	7	56
Issuance of Tranche One Series A Preferred Shares *(note 1(e))*	–	36,195,122	4	28
At 30 November 2021	146,000,000	36,195,122	18	142

The Tranche One Series A Preferred Shares shall be converted into ordinary shares at the option of holders at any time, or upon the consummation of a QIPO, all the Tranche One Series A Preferred Shares shall automatically be converted into ordinary shares of the Company in accordance with conversion rate of one ordinary share of the Company for each Tranche One Series A Preferred Share held.

The Tranche One Series A Preferred Shares also carry certain special rights including but not limited to director nomination right, right of first offer, tag-along right were granted by the Company to the holders of the Tranche One Series A Preferred Shares.

In the event of a deemed liquidation event or any liquidation, dissolution or winding up of the Company, the holder of the Tranche One Series A Preferred Shares shall, subject to the applicable law and regulation, be entitled to receive in preference to the holders of the ordinary shares, an amount per share equal to HK$1.0 (irrespective of the original purchase price paid for such Tranche One Series A Preferred Shares by the respective holder thereof), together with any declared but unpaid dividends. The holder of Tranche One Series A Preferred Shares enjoys the same voting rights of a holder of the ordinary shares of the Company.

The Tranche One Series A Preferred Shares were classified as equity instrument since the Tranche One Series A Preferred Shares were non-redeemable and the distribution to holders of the Tranche One Series A Preferred Shares are at the discretion of the Company which contain no contractual obligation to deliver cash or other financial asset or to deliver a variable number of its own equity instruments.

27. RESERVE OF THE COMPANY

	Other reserve *HK$'000*	Accumulated loss *HK$'000*	Total *HK$'000*
At 13 April 2021 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(27,960)	(27,960)
Transfer upon reorganisation	75,813	–	75,813
At 30 November 2021	75,813	(27,960)	47,853

28. RELATED PARTY DISCLOSURES

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Sales to Mr. Wu	6	45	5	3	26
Sales to Ms. Tsui	3	8	28	4	11
	9	53	33	7	37

Saved as disclosed above and the transactions and balances as disclosed in notes 11 and 19 to the Historical Financial Information, the Group did not have any other related party transactions during the Track Record Period.

Compensation of key management personnel

The remuneration of key management during the Track Record Period was as follows:

	Year ended 31 March			Eight months ended 30 November	
	2019	2020	2021	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Short-term benefits	1,875	3,037	4,280	2,540	2,045
Post-employment benefits	65	110	154	97	42
	1,940	3,147	4,434	2,637	2,087

29. RETIREMENT BENEFIT SCHEMES

The Group participates in the MPF Scheme for all its qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes monthly the lower of HK$1,500 or 5% of relevant payroll costs per person to the MPF Scheme, which contribution is matched by the employees.

The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. During the Track Record Period, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the scheme by the Group at rates specified in the rules of the scheme. The retirement benefits scheme contributions made by the Group amounted to HK$374,000, HK$633,000, HK$916,000, HK$572,000 (unaudited) and HK$754,000 for the years ended 31 March 2019, 2020 and 2021 and the eight months ended 30 November 2020 and 2021, respectively.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank overdraft, amount due to a director, convertible redeemable preferred shares and lease liabilities disclosed in notes 20, 19, 25b and 24, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of the review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through issue of new shares, issue of new debt and redemption of existing debts.

31. FINANCIAL INSTRUMENTS

Categories of financial instrument

		As at 31 March		As at 30 November
	2019	**2020**	**2021**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The Group				
Financial assets				
Amortised cost	16,079	51,548	49,346	134,507
Financial liabilities				
Amortised cost	4,209	9,220	32,613	44,015
Derivative financial instrument	774	–	–	–
Financial liabilities at FVTPL	–	–	–	75,598

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, amounts due from/to a director, bank balances and cash, trade payables, other payables and accruals, derivative financial instrument, convertible redeemable preferred shares, bank overdraft and lease liabilities.

The Company's financial instruments include amount due from a subsidiary.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has foreign currency purchases of inventories, which expose the Group to foreign currency risk. Approximately 6.1%, 19.0%, 15.2%, 19.2% (unaudited) and 6.9% of the Group's purchase of inventories are denominated in currencies other than the functional currency of the group entities, during the years ended 31 March 2019, 2020 and 2021 and the eight months ended 30 November 2020 and 2021, respectively.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	As at 31 March			As at 30 November
	2019	2020	2021	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Japanese Yen ("JPY")	54	32	32	32
USD	3,936	3,657	12	16,769
Liabilities				
JPY	–	235	974	102
USD	–	798	27	98

Sensitivity analysis

In the opinion of the management, no sensitivity analysis is provided as the management of the Group considers that the impact on exchange rate fluctuation is minimal.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate lease liabilities as at 31 March 2019, 2020 and 2021 and 30 November 2021. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank overdraft as at 31 March 2019, 2020 and 2021 and 30 November 2021.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the Hong Kong deposit rate arising from the Group's bank balances.

The Group currently does not have interest rate risk hedging policy. However, management of the Group closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of each reporting period does not reflect the exposure during the year/period.

No sensitivity analysis is provided on bank balances and bank overdraft as the Group's management considers that the interest rate fluctuation on bank balances and bank overdraft is minimal.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables and deposits, amount due from a director, and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimise the credit risk on trade receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable.

The Group applies simplified approach and always recognises lifetime ECL for trade receivables. To measure the ECL, the Group performs impairment assessment under the ECL model on trade receivables individually.

The Group applied internal credit rating for its individually assessed debtors, by reference to the debtor's background, past default experience and current past due exposure of the debtor. As at 31 March 2019, 2020 and 2021 and 30 November 2021, the Group assessed that the ECL for trade receivables was insignificant.

The Group's concentration of credit risk on the top five largest debtors accounted for 11%, 7%, 15% and 66%, respectively of the total trade receivables as at 31 March 2019, 2020 and 2021 and 30 November 2021, respectively.

Other receivables and deposits

The management of the Group make periodic individual assessment on the recoverability of significant balances based on historical settlement records (if any), past experience, and also available reasonable and supportive forward-looking information. The management of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits due to the major outstanding balances are short-term in nature. As at 31 March 2019, 2020 and 2021 and 30 November 2021, the Group assessed that the ECL for other receivables and deposits was insignificant.

Amount due from a subsidiary

The Company has concentration of credit risk on amount due from a subsidiary as at 30 November 2021. The directors of the Company continuously monitor the credit quality and financial position of the subsidiary and the level of exposure to ensure that the follow-up action is taken to recover the debt. The Company performs impairment assessment under 12-month ECL model. In the opinion of the management of the Company, the risk of default by the subsidiary is not significant as the amount could be settled by the immediate settlement and the Company assessed that the ECL on the balance is insignificant and thus no impairment loss allowance was recognised.

Amount due from a director

The Group performs impairment assessment on the amount due from a director under 12-month ECL model. The management of the Group considers the risk of default by counterparty is insignificant as the management of the Group considers that the balances could be settled by the Company's dividend distribution attributable to the director. Thus, the Group assessed that the ECL on the balances is insignificant as at 31 March 2019 and 2020 and thus no impairment loss allowance is recognised.

Bank balances

The credit risk for bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no history of default in relation to these banks. The Group performs impairment assessment on the bank balances under 12-month ECL model. The management of the Group considers the risk of default is regard as low based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As at 31 March 2019, 2020 and 2021 and 30 November 2021, the Group assessed that the ECL for bank balances were insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts As at 31 March 2019	2020	2021	As at 30 November 2021
					HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
Amortised cost								
Trade receivables	*17*	N/A	Low risk	Lifetime ECL	2,596	2,395	5,135	8,742
			Watch list	Lifetime ECL	940	1,464	840	1,783
Other receivables and deposits	*18*	N/A	Low risk	12-month ECL	1,285	4,261	4,846	11,326
Amount due from a director	*19*	N/A	Low risk	12-month ECL	1,638	220	–	–
Bank balances	*20*	A2 – Aa2	N/A	12-month ECL	9,211	42,882	38,243	112,656
The Company								
Amortised cost								
Amount due from a subsidiary	*19*	N/A	Low risk	12-month ECL	–	–	–	49,037

Liquidity risk

In management of the liquidity risk, the Group monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity tables

	Weighted average interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
As at 31 March 2019								
Non-derivative financial liabilities								
Trade payables	N/A	–	3,279	–	–	–	3,279	3,279
Other payables and accruals	N/A	–	930	–	–	–	930	930
		–	4,209	–	–	–	4,209	4,209
Lease liabilities	1.92%	–	745	1,535	657	–	2,937	2,688
As at 31 March 2020								
Non-derivative financial liabilities								
Trade payables	N/A	–	6,867	–	–	–	6,867	6,867
Other payables and accruals	N/A	–	2,353	–	–	–	2,353	2,353
		–	9,220	–	–	–	9,220	9,220
Lease liabilities	1.41%	–	974	1,793	8,841	1,188	12,796	12,252
As at 31 March 2021								
Non-derivative financial liabilities								
Trade payables	N/A	–	27,244	–	–	–	27,244	27,244
Other payables and accruals	N/A	–	2,913	–	–	–	2,913	2,913
Amount due to a director	N/A	1,492	–	–	–	–	1,492	1,492
Bank overdraft	4.0%	–	964	–	–	–	964	964
		1,492	31,121	–	–	–	32,613	32,613
Lease liabilities	1.57%	–	2,803	3,281	12,938	–	19,022	18,105
As at 30 November 2021								
Non-derivative financial liabilities								
Trade payables	N/A	–	37,695	–	–	–	37,695	37,695
Other payables and accruals	N/A	–	6,192	–	–	–	6,192	6,192
Amount due to a director	N/A	128	–	–	–	–	128	128
		128	43,887	–	–	–	44,015	44,015
Lease liabilities	1.91%	–	2,186	6,359	15,734	–	24,279	22,672
Derivative financial liabilities								
Convertible redeemable preferred shares	5%	–	79,302	–	–	–	79,302	75,598

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	Fair value				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	as at 31 March			as at 30 November			
	2019	2020	2021	2021			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*			
Call Option	774	–	–	–	Level 3	Black Scholes and discounted cash flow method	31 March 2019: Expected volatility of 19% *(Note a)* Discount rate of 18.5% *(Note b)* 31 March 2020 and 2021 and 30 November 2021: N/A
Convertible redeemable preferred shares	–	–	–	75,598	Level 3	Black Scholes and discounted cash flow method	31 March 2019, 2020 and 2021: N/A 30 November 2021: Expected volatility of 55% *(Note c)* Discount rate of 15% *(Note d)*

Notes:

(a) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the Call Option, and vice versa. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the Call Option by HK$37,000. A 5% decrease in the expected volatility holding all other variables constant would decrease the carrying amount of the Call Option by HK$38,000.

(b) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the Call Option, and vice versa. A 5% increase in the discount rate holding all other variables constant would decrease the carrying amount of the Call Option by HK$531,000. A 5% decrease in the discount rate holding all other variables constant would increase the carrying amount of the Call Option by HK$1,003,000.

(c) An increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the convertible redeemable preferred shares, and vice versa. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the convertible redeemable preferred shares by HK$119,000. A 5% decrease in the expected volatility holding all other variables constant would decrease the carrying amount of the convertible redeemable preferred shares by HK$120,000.

(d) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the convertible redeemable preferred shares, and vice versa. A 5% increase in the discount rate holding all other variables constant would decrease the carrying amount of the convertible redeemable preferred shares by HK$4,813,000. A 5% decrease in the discount rate holding all other variables constant would increase the carrying amount of the convertible redeemable preferred shares by HK$5,500,000.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

32. MOVEMENT ON GROUP'S LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividends payable	**Share issue costs**	**Non-trade amount due to a director**	**Lease liabilities**	**Convertible redeemable preferred shares**	**Accrued issue costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018	–	–	7,725	775	–	–	8,500
Financing cash flows *(Note)*	(16,072)	(576)	(7,725)	(1,216)	–	–	(25,589)
Finance costs	–	–	–	31	–	–	31
Commencement of new leases	–	–	–	3,098	–	–	3,098
Transaction costs attributable to issue of shares	–	576	–	–	–	–	576
Dividends declared	16,072	–	–	–	–	–	16,072
At 31 March 2019	–	–	–	2,688	–	–	2,688
Financing cash flows *(Note)*	–	(105)	–	(2,673)	–	–	(2,778)
Finance costs	–	–	–	112	–	–	112
Commencement of new leases	–	–	–	12,125	–	–	12,125
Transaction costs attributable to issue of shares	–	105	–	–	–	–	105
As at 31 March 2020	–	–	–	12,252	–	–	12,252
Financing cash flows *(Note)*	(20,155)	–	1,492	(4,405)	–	–	(23,068)
Finance costs	–	–	–	236	–	–	236
Commencement of new leases	–	–	–	10,022	–	–	10,022
Dividends declared	20,155	–	–	–	–	–	20,155

	Dividends payable	Share issue costs	Non-trade amount due to a director	Lease liabilities	Convertible redeemable preferred shares	Accrued issue costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2021	–	–	1,492	18,105	–	–	19,597
Financing cash flows *(Note)*	–	–	(1,364)	(5,194)	63,703	(3,183)	53,962
Finance costs	–	–	–	289	–	–	289
Commencement of new leases	–	–	–	9,472	–	–	9,472
Transaction cost attributable to issue of convertible redeemable preferred shares	–	–	–	–	400	–	400
Fair Value change in convertible redeemable preferred shares	–	–	–	–	11,463	–	11,463
Share issue costs accrued	–	–	–	–	–	4,885	4,885
At 30 November 2021	–	–	128	22,672	75,566	1,702	100,068
At 1 April 2020	–	–	–	12,252	–	–	12,252
Financing cash flows *(Note)* (unaudited)	–	–	–	(2,457)	–	–	(2,457)
Finance costs (unaudited)	–	–	–	146	–	–	146
Commencement of new leases (unaudited)	–	–	–	10,022	–	–	10,022
At 30 November 2020 (unaudited)	–	–	–	19,963	–	–	19,963

Note: The financing cash flows represented the repayment of lease liabilities, advances from/repayments to a director, share issue costs paid, proceeds from the issuance of convertible redeemable preferred shares, issue costs paid for Convertible Redeemable Preferred Shares, payment of finance costs and dividends paid.

During the years ended 31 March 2019, 2020 and 2021 and the eight months ended 30 November 2020 and 2021, the Group entered into new lease agreement for the use of office premises, warehouses and retail stores for 3 to 5 years. On the lease commencement, the Group recognised HK$3,098,000, HK$12,125,000, HK$10,022,000, HK$10,022,000 (unaudited) and HK$9,472,000 of right-of-use assets and HK$3,098,000, HK$12,125,000, HK$10,022,000, HK$10,022,000 (unaudited) and HK$9,472,000 as the lease liabilities, respectively.

33. INVESTMENT IN A SUBSIDIARY AND PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Company

	As at 30 November 2021
	HK$'000
Unlisted investment, at cost	75,955

Particulars of the subsidiaries at the end of each reporting period and the date of this report are as follows:

Name of subsidiary	Place and Date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group (Note (a)) as at 31 March 2019	as at 31 March 2020	as at 31 March 2021	as at 30 November 2021	as at date of this report	Principal activities	Notes
				%	%	%	%			
Yoho BVI	BVI 17 March 2021	Hong Kong	Ordinary shares: 146,000,000 Series A preferred shares: 36,195,122	N/A	N/A	100	100	100	Investment holding	(a)
Yoho E-Commerce	Hong Kong 3 October 2018	Hong Kong	Ordinary shares: 182,195,122	100	100	100	100	100	Investment holding	(b)
Yoho Hong Kong Limited ("Yoho Retail")	Hong Kong 20 February 2014	Hong Kong	10,000	100	100	100	100	100	Provision of both online and offline Hong Kong e-commerce retail services	(b)
Globiz Company (Hong Kong) Limited ("Globiz")	Hong Kong 6 August 2008	Hong Kong	10,000	100	100	100	100	100	Offline wholesale and trading of consumer electronics and home appliances	(b)

Notes:

(a) No statutory financial statements of Yoho BVI have been prepared since the date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

(b) The statutory financial statements of Yoho E-Commerce, Yoho Retail and Globiz for the years ended 31 March 2019 and 2020 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Lawrence T.Lau and Company Certified Public Accountants, certified public accountants registered in Hong Kong. The statutory financial statements of Yoho E-Commerce, Yoho Retail and Globiz for the year ended 31 March 2021 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

Except for Yoho BVI which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at 31 March 2019, 2020 and 2021 and 30 November 2021.

34. SUBSEQUENT EVENTS

Subsequent events of the Group are detailed as below.

(a) On 20 May 2022, the Company adopted a share option scheme, the principal terms of which are set out in the subsection headed "D. Share Option Scheme" in Appendix IV to the Prospectus; and

(b) Pursuant to the general meeting of all shareholders of the Company held on 20 May 2022, it was resolved, among other things, that:

- the Company's authorised share capital was increased from US$50,000 divided into 448,773,777 shares with a par value of US$0.0001 each and 51,226,223 series A preferred shares with a par value of US$0.0001 each to US$200,000 divided into 1,948,773,777 shares with a par value of US$0.0001 each and 51,226,223 series A preferred shares with a par value of US$0.0001 each by the creation of 1,500,000,000 shares;

- conditional upon the fulfilment or waiver of the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" in the Prospectus and subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of the new shares under the Global Offering (as defined in the Prospectus), the directors were authorised to allot and issue a total of 247,773,777 shares credited as fully paid at par to the shareholders and holders of series A preferred shares whose names appear on the register of members of the Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue (as defined in the Prospectus) in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company (assuming that all series A preferred shares having been converted into ordinary shares on an one-to-one basis), each ranking pari passu in all respects with the then existing issued shares, by way of capitalisation of an amount of US$24,777.3777 standing to the credit of the share premium account of the Company; and

- conditional upon completion of the Global Offering, each of the series A preferred shares of the Company be converted into ordinary shares on an one-to-one basis by the re-designation and re-classification thereof into ordinary shares, such that the authorised share capital of the Company is US$200,000 divided into 2,000,000,000 shares of US$0.0001 each.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 30 November 2021.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for the Track Record Period (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in connection with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the proposed Global Offering on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 as if the proposed Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 or at any future dates following the proposed Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as follows without taking into account the effect of the conversion of the Tranche Two Series A Preferred Shares into Shares upon completion of the Global Offering where the effect of this subsequent transaction have been illustrated in note 4 to this unaudited pro forma financial information:

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021	**Estimated net proceeds from the proposed Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on Offer Price of HK$2.10 per Offer Share	65,039	90,811	155,850	0.33
Based on Offer Price of HK$2.60 per Offer Share	65,039	117,046	182,085	0.39
Based on an Offer Price of HK$1.89 per Offer Share after a Downward Offer Price Adjustment of 10%	65,039	79,793	144,832	0.31

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the proposed Global Offering are based on 55,000,000 Offer Shares at the Offer Price of lower, upper limit and after making a Downward Offer Price Adjustment of 10% of HK$2.10 per Share, HK$2.60 per Share and HK$1.89 per Share, respectively, after taking into account the estimated underwriting fees and other related expenses to be incurred by our Group (excluding listing expenses which have been charged to profit or loss up to 30 November 2021). It does not take into account of any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued upon the exercise of the options which may be granted under Share Option Scheme or (iii) which may be issued or repurchased referred to in the section headed "Share Capital - General mandate to issue Shares" or the section headed "Share Capital – General mandate to repurchase Shares" in this prospectus.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 per Share has been arrived at after making the adjustments referred to in this section and on the basis of a total of 466,085,443 Shares, assuming that (i) 55,000,000 Shares pursuant to the proposed Global Offering had been issued; and (ii) 228,890,321 Shares to be issued pursuant to the Capitalisation Issue had been completed on 30 November 2021, and without taking into account 15,031,101 Shares to be issued pursuant to the full conversion of the Tranche Two Series A Preferred Shares and corresponding Capitalisation Issue for 18,883,456 Shares. It also does not take into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued upon the exercise of the options which may be granted under Share Option Scheme or (iii) which may be issued or repurchased referred to in the section headed "Share Capital — General mandate to issue Shares" or the section headed "Share Capital — General mandate to repurchase Shares" in this prospectus.

(4) No adjustment have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company at 30 November 2021 to reflect any trading results or other transactions of the Group entered into subsequent to 30 November 2021. In particular, the unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

Upon completion of the Global Offering, the Tranche Two Series A Preferred Shares would have been converted into Shares and the carrying amount of Tranche Two Series A Preferred Shares of HK$75,598,000, assuming no further changes in fair values of the Tranche Two Series A Preferred Shares upon Global Offering since 30 November 2021, will be reclassified to equity as ordinary shares. The conversion of the Tranche Two Series A Preferred Shares in issue would have increased the total number of Shares in issue by 33,914,557 Shares (after the Capitalisation Issue), resulting in 500,000,000 Shares in total. In addition, such conversion would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 November 2021 by HK$75,598,000, resulting unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company taking into account the proposed Global Offering and the conversion of the Tranche Two Series A Preferred Shares as at 30 November 2021 would be HK$231,448,000 based on an Offer Price of HK$2.10 per Offer Share, HK$257,683,000 based on an Offer Price of HK$2.60 per Offer Share and HK$220,430,000 based on an Offer Price after a Downward Offer Price Adjustment of HK$1.89 per Offer Share, respectively.

Had the proposed Global Offering and the conversion of the Tranche Two Series A Preferred Shares been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 November 2021 per Share would be HK$0.46 based on an Offer Price of HK$2.10 per Offer Share, HK$0.52 based on an Offer Price of HK$2.60 per Offer Share and HK$0.44 based on an Offer Price after a Downward Offer Price Adjustment of HK$1.89 per Offer Share, respectively.

B. UNAUDITED PRO FORMA ESTIMATED LOSS PER SHARE

The following unaudited pro forma estimated loss per Share for the year ended 31 March 2022 have been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on 1 April 2021. This unaudited pro forma estimated loss per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering or for any future period.

Estimated consolidated loss attributable to owners of the Company for the year ended 31 March 2022 *(Note 1)*	Not more than HK$0.4 million
Unaudited pro forma estimated loss per Share *(Note 2)*	Not more than HK$0.0009

Notes:

1. The bases on which the above loss estimate for the year ended 31 March 2022 has been prepared are summarized in Part A of Appendix IIB to this prospectus. The estimated consolidated loss attributable to owners of the Company for the year ended 31 March 2022 is based on the audited consolidated result of the Group for the eight months ended 30 November 2021 and the unaudited consolidated results of the Group based on management accounts of the Group for the four months ended 31 March 2022.

2. The calculation of the unaudited pro forma estimated loss per Share is based on the estimated consolidated loss attributable to owners of the Company for the year ended 31 March 2022, assuming that the Global Offering and the Capitalisation Issue had been completed on 1 April 2021 a weighed average of 466,085,443 Shares were in issue for the year ended 31 March 2022. The calculation takes no account of the effect of the conversion of the Tranche Two Series A Preferred Shares into Shares upon completion of the Global Offering as their inclusion would be anti-dilutive and any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be allotted and issued upon the exercise of the options which may be granted under Share Option Scheme or (iii) which may be issued or repurchased referred to in the section headed ”Share Capital — General mandate to issue Shares” or the section headed “Share Capital — General mandate to repurchase Shares” in this prospectus.

C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Yoho Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yoho Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 November 2021 and the unaudited pro forma estimated loss per share for the year ended 31 March 2022 and related notes as set out on pages IIA-1 to IIA-3 of Appendix IIA to the prospectus issued by the Company dated 26 May 2022 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IIA-1 to IIA-3 of Appendix IIA to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 30 November 2021 and the Group's estimated loss per share for the year ended 31 March 2022 as if the Global Offering had taken place at 30 November 2021 and 1 April 2021 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 March 2021 and the eight months ended 30 November 2021, on which an accountants' report set out in Appendix I to the Prospectus has been published and information about the estimate of the consolidated loss of the Group attributable to the owners of the Company for the year ended 31 March 2022, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 November 2021 or 1 April 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 May 2022

The estimated consolidated loss attributable to owners of our Company for the year ended 31 March 2022 is set out in the paragraph headed "Financial Information — Loss estimate for the year ended 31 March 2022" in this prospectus.

A. BASES

Our Directors have prepared the estimate of the consolidated loss attributable to owners of our Company for the year ended 31 March 2022 (the "**Loss Estimate**") on the basis of (i) the audited consolidated results of our Group for the eight months ended 30 November 2021; and (ii) the unaudited consolidated results based on the management accounts of our Group for the four months ended 31 March 2022. The Loss Estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by our Group as set out in note 3 to the Accountants' Report set out in Appendix I to this prospectus.

B. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's Loss Estimate prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

26 May 2022

The Directors
Yoho Group Holdings Limited
Unit 9A, 52 Hung To Road,
Kwun Tong, Kowloon,
Hong Kong

CMBC International Capital Limited
45/F, One Exchange Square,
8 Connaught Place,
Central, Hong Kong

Dear Sirs,

Yoho Group Holdings Limited (the "**Company**")

Loss Estimate for Year Ended 31 March 2022

We refer to the estimate of the consolidated loss of the Group attributable to owners of the Company for the year ended 31 March 2022 (the "**Loss Estimate**") set forth in the section headed Financial Information in the prospectus of the Company dated 26 May 2022 (the "Prospectus").

Directors' Responsibilities

The Loss Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the eight months ended 30 November 2021 and the unaudited consolidated results based on the management accounts of the Group for the remaining four months ended 31 March 2022.

The Company's directors are solely responsible for the Loss Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Loss Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Loss Estimate in accordance with the bases adopted by the directors and as to whether the Loss Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix IIB of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 26 May 2022, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

C. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor, in connection with the estimate of the consolidated loss attributable to the owners of our Company for the year ended 31 March 2022.

民銀資本
CMBC CAPITAL HOLDINGS LIMITED

45/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

26 May 2022

The Board of Directors
Yoho Group Holdings Limited

Dear Sirs

We refer to the estimate of the consolidated loss attributable to the owners of Yoho Group Holdings Limited (the "**Company**", together with its subsidiaries, hereinafter collectively referred to as the "**Group**") for the year ended 31 March 2022 (the "**Loss Estimate**") as set out in the prospectus issued by the Company dated 26 May 2022 (the "**Prospectus**").

The Loss Estimate, for which the directors of the Company (the "**Directors**") are solely responsible, has been prepared by the Directors, based on (i) the audited combined results for the eight months ended 30 November 2021; and (ii) the unaudited consolidated results of the Group based on the management accounts for the four months ended 31 March 2022.

We have discussed with you the bases upon which the Loss Estimate has been made. We have also considered the letter dated 26 May 2022 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Loss Estimate has been made.

On the basis of the information comprising the Loss Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Loss Estimate, for which our Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For an on behalf of
CMBC International Capital Limited
Rick Wong
Director

SUMMARY OF THE CONSTITUTION OF OUR COMPANY

1 Memorandum of Association

The Memorandum of Association of our Company was conditionally adopted on 20 May 2022 and states, inter alia, that the liability of the members of our Company is limited, that the objects for which our Company is established are unrestricted and our Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection".

2 Articles of Association

The Articles of Association of our Company were conditionally adopted on 20 May 2022 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of our Company consists of ordinary shares. The capital of our Company at the date of adoption of the Articles is US$200,000 divided into 2,000,000,000 shares of US$0.0001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in our Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by our Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of our Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of our Company or any subsidiary

The management of the business of our Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by our Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by our Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by our Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by our Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in our Company or any such subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with our Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with our Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of our Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to our Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by our Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of our Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of our Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of our Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

Our Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his term of office notwithstanding anything in the Articles of Association or in any agreement between our Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). Our Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

Our Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of our Company notice in writing by a member of our Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to our Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of our Company under the Articles of Association.

At every annual general meeting of our Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Our Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of our Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of our Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

Our Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

Our Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to our Company for our Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares.

Our Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of our Company entitled to vote at a general meeting of our Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of our Company aforesaid.

2.7 *Voting rights*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll (a) every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have the right to speak, (b) on a show of hands, every member present in such manner shall have one vote, and (c) on a poll, every member present in such manner shall have one vote for each share registered in his name in the register of members of our Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of our Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of our Company duly registered and who shall have paid all sums for the time being due from him payable to our Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of our Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of our Company or at any general meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of our Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

Our Company shall hold a general meeting as its annual general meeting in each financial year. The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of our Company which carry the right of voting at general meetings of our Company. The written requisition shall be deposited at the principal office of our Company in Hong Kong or, in the event our Company ceases to have such a principal office, the registered office of our Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by our Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of our Company, or any of them, shall be open to inspection by members of our Company (other than officers of our Company) and no such member shall have any right of inspecting any accounts or books or documents of our Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by our Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of our Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of our Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of our Company for the period covered by the profit and loss account and the state of our Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of our Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by our Company as provided in the Articles of Association to every member of our Company and every holder of debentures of our Company provided that our Company shall not be required to send copies of those documents to any person of whose address our Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

Our Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of our Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by our Company at the annual general meeting at which they are appointed by ordinary resolution provided that in respect of any particular year our Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of our Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from our Company).

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) our Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on our Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where new business is to be transacted at such reconvened meeting, our Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of our Company in respect thereof. All instruments of transfer shall be retained by our Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which our Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with our Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of our Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to our Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with our Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of our Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of our Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of our Company to purchase its own shares

Our Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of our Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of our Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of our Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of our Company such interim dividends as appear to the Directors to be justified by the profits of our Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of our Company all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

No dividend shall carry interest against our Company.

Whenever the Directors or our Company in general meeting have resolved that a dividend be paid or declared on the share capital of our Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of our Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of our Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. Our Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of our Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of our Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of our Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of our Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of our Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to our Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Our Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, our Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to our Company.

The Directors may, with the sanction of the members of our Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of our Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of our Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of our Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of our Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of our Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of our Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of our Company shall (subject to our Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of our Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of our Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to our Company all monies which at the date of forfeiture were payable by him to our Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of our Company shall be kept in such manner as to show at all times the members of our Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of our Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of our Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of our Company present in person or by proxy shall be a quorum provided always that if our Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of our Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

The quorum for a separate general meeting of the holders of a separate class of shares of our Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

Subject to the Companies Act, our Company may by special resolution resolve that our Company be wound up voluntarily.

If our Company shall be wound up, and the assets available for distribution amongst the members of our Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of our Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of our Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If our Company shall be wound up, the liquidator may with the sanction of a special resolution of our Company and any other sanction required by the Companies Act, divide amongst the members of our Company in specie or kind the whole or any part of the assets of our Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of our Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of our Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of our Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

Our Company shall be entitled to sell any shares of a member of our Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) our Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, our Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2021 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, our Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of our Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to our Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, our Company's legal advisers on Cayman Islands law, have sent to our Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on 13 April 2021. Our registered office is at Maples Corporate Services Limited at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. We have established a principal place of business in Hong Kong at 9A, Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 June 2021. Mr. Wu has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process is 9A, Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

As a company incorporated in the Cayman Islands, our operations are subject to the Memorandum of Association and the Articles of Association and the Cayman Islands Companies Act. A summary of certain provisions of the Memorandum of Association and the Articles of Association and certain aspects of the Cayman Islands Companies Act is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company, our Company had an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

(a) on 13 April 2021, our Company issued one share with a par value of US$1.00 to Mapcal Limited;

(b) on 20 May 2021, each issued and unissued share with a par value of US$1.00 in the authorised share capital of our Company was subdivided into 10,000 Shares with a par value of US$0.0001 each, and 51,226,223 authorised but unissued Shares were re-designated as Series A Preferred Shares;

(c) on 21 May 2021, our Company issued a total of 146,000,000 Shares and 36,195,122 Series A Preferred Shares, details of which are set forth in "History, Reorganisation and Corporate Structure — Reorganisation — Acquisition of Yoho BVI by our Company";

(d) on 21 May 2021, our Company issued a total of 15,031,101 Series A Preferred Shares to the 2021 Pre-IPO New Shares Investors at a total consideration of US$8,250,000, details of which are set forth in "History, Reorganisation and Corporate Structure — Pre-IPO Investment — Overview — 2. Investment by the 2021 Pre-IPO Investors — (a) Investments by the 2021 Pre-IPO New Shares Investors";

(e) on 21 May 2021, The Wings Ventures transferred 1,153,965 Shares to Yo Cheers (BVI) at a nominal consideration;

(f) on 21 May 2021, the 2021 Pre-IPO Existing Shares Investors purchased a total of 7,921,527 Shares from The Wings Venture at a total consideration of US$4,000,000; and

(g) on the Listing Date, all of our Series A Preferred Shares will be converted into Shares on an one-to-one basis.

Immediately following the completion of the Capitalisation Issue and the Global Offering but without taking into account (i) any Shares which may be issued upon the exercise of the Over-allotment Option, (ii) any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, the issued share capital of our Company will be US$50,000, divided into 500,000,000 Shares, all fully paid or credited as fully paid.

Save as disclosed above and in "— 3. Resolutions in writing of our Shareholders passed on 20 May 2022" in this section, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our Shareholders passed on 20 May 2022

Pursuant to the written resolutions passed by our Shareholders on 20 May 2022:

(a) we approved and adopted the Memorandum of Association and the Articles of Association with effect from the Listing Date;

(b) the Global Offering was confirmed by our Shareholders to constitute a QIPO (such term as defined in the shareholders agreement entered into between, among others, Beyond Ventures Vehicle, Welight Innovation L.P., Royce City (MHT) Limited, Mr. Szeto Chi Yan Stanley, Ms. Chiang Lai Ling, the 2021 Pre-IPO New Shares Investors, Mr. Wu, Ms. Tsui and our Company on 21 May 2021) thereby terminating the shareholder rights granted pursuant to such shareholders agreement with effect from the time immediately before the completion of the Capitalisation Issue and the Global Offering;

(c) the increase of our Company's authorised share capital from US$50,000 divided into 448,773,777 Shares with a par value of US$0.0001 each and 51,226,223 Series A Preferred Shares with a par value of US$0.0001 each to US$200,000 divided into 1,948,773,777 Shares with a par value of US$0.0001 each and 51,226,223 Series A Preferred Shares with a par value of US$0.0001 each by the creation of 1,500,000,000 Shares was approved;

(d) conditional upon the fulfilment or waiver of the conditions set out in "Structure of the Global Offering - Conditions of the Global Offering" in this prospectus and subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors were authorised to allot and issue a total of 247,773,777 Shares credited as fully paid at par to the Shareholders and holders of Series A Preferred Shares whose names appear on the register of members of our Company as at the date of the passing of the relevant resolutions approving the Capitalisation Issue in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company (assuming that all Series A Preferred Shares having been converted into Shares on an one-on-one basis), each ranking *pari passu* in all respects with the then existing issued Shares, by way of capitalisation of an amount of US$24,777.3777 standing to the credit of the share premium account of our Company;

(e) subject to the conditions set out in "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus having been fulfilled or waived:

(i) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the new Shares pursuant to the Global Offering and the Over-allotment Option;

(ii) the Listing was approved and our Directors were authorised to implement the Listing;

(iii) subject to the restrictions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by our Directors other than pursuant to (aa) a rights issue, (bb) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares, (cc) the exercise of options granted pursuant to the Share Option Scheme, (dd) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the number of

Shares in issue immediately following the completion of the Global Offering but without taking into account (i) any Shares which may be issued upon the exercise of the Over-allotment Option, and (ii) any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme and (2) the number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in sub-paragraph (iv) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of our next annual general meeting, (II) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting and (III) the date on which the authority given to our Directors by this resolution is revoked or varied by an ordinary resolution of our Shareholders in general meeting (the "**Relevant Period**");

(iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and the requirements of the Listing Rules, not exceeding 10% of the total number of Shares in issue immediately following completion of the Global Offering but without taking into account (i) any Shares which may be issued upon the exercise of the Over-allotment Option, and (ii) any Shares to be issued upon the exercise of the options which have been or may be granted under the Share Option Scheme, such mandate to remain in effect during the Relevant Period;

(v) conditional upon sub-paragraphs (iii) and (iv) above being passed, the general unconditional mandate granted to our Directors for the time being in force to exercise the powers of our Company to allot, issue and deal with any unissued Shares pursuant to the sub-paragraph (iii) above was extended by the addition to the number of the Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the number of the Shares repurchased by our Company under the authority granted pursuant to the sub-paragraph (iv) above;

(f) conditional upon the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme and the commencement of trading of the Shares on the Stock Exchange, the rules of the Share Option Scheme were approved and adopted and our Directors or any committee established by the Board were authorised, at their sole discretion, to administer the Share Option Scheme; (ii) modify/ amend the Share Option Scheme from time to time as required by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme before up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

(g) conditional upon completion of the Global Offering, each of the Series A Preferred Shares be converted into Shares on an one-to-one basis by the re-designation and re-classification thereof into Shares, such that the authorised share capital of our Company is US$200,000 divided into 2,000,000,000 Shares of US$0.0001 each; and

(h) Dr. Qian Sam Zhongshan, Mr. Chan Shun and Mr. Ho Yun Tat were appointed as our Independent Non-executive Directors with immediate effect.

4. Changes in the capital of our subsidiaries

Our subsidiaries during the Track Record Period are referred to in the Accountants' Report set forth in Appendix I to this prospectus. The following alterations in the share or registered capital of our subsidiaries have taken place within two years immediately preceding the date of this prospectus:

(a) On 11 October 2019, Yoho E-Commerce allotted and issued 10,931,707 series A preferred shares to Beyond Ventures Vehicle at a total consideration of HK$13,500,000;

(b) On 7 November 2019, Yoho E-Commerce allotted and issued 5,263,415 series A preferred shares to ITVFC at a total consideration of HK$6,500,000;

(c) On 23 March 2021, Yoho BVI allotted and issued one share to Mr. Wu;

(d) On 30 March 2021, Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC transferred their respective shares in Yoho E-Commerce to Yoho BVI;

(e) On 30 March 2021, Yoho BVI allotted and issued 74,459,999 ordinary shares, 71,540,000 ordinary shares, 24,431,707 series A preferred shares and 11,763,415 series A preferred shares to Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC, respectively, credited as fully paid;

(f) On 27 April 2021, Beyond Ventures Vehicle acquired 11,763,415 series A preferred shares of Yoho BVI from ITVFC at a consideration of HK$13,797,345.2; and

(g) On 21 May 2021, Mr. Wu, Ms. Tsui and Beyond Ventures Vehicle transferred a total of 146,000,000 ordinary shares and 36,195,122 series A preferred shares of Yoho BVI to our Company.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Corporate reorganisation

In order to prepare for the Listing, our Group has undertaken several restructuring steps, particulars of which are set out in "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus.

6. Repurchase of our own securities

As mentioned in "— 3. Resolutions in writing of our Shareholders passed on 20 May 2022" in this section, a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed.

(a) Provisions of the Listing Rules

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution by shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchase by our Company may be made out of the profits of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Act, out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased securities

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchases

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining.

Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds lawfully available for such purpose in accordance with the Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material and adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the mandate to such extent as would, in the circumstances, have a material and adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 500,000,000 Shares in issue immediately following the completion of the Global Offering (assuming (i) no exercise of the Over-allotment Option, (ii) no exercise of the options which may be granted under the Share Option Scheme, could accordingly result in up to 50,000,000 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting; or

(iii) the date on which the repurchase mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge, information and belief after having made due and careful enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) a sale and purchase agreement dated 26 March 2021 and entered into among Beyond Ventures Vehicle, Mr. Wu, Ms. Tsui, ITVFC and Yoho BVI, pursuant to which Mr. Wu, Ms. Tsui, Beyond Ventures Vehicle and ITVFC agreed to transfer to Yoho BVI 74,460,000 ordinary shares of Yoho E-Commerce, 71,540,000 ordinary shares of Yoho E-Commerce, 24,431,707 series A preferred shares of Yoho E-Commerce and 11,763,415 series A preferred shares of Yoho E-Commerce, and in consideration Yoho BVI agreed to allot and issue 74,459,999 ordinary shares to Mr. Wu, 71,540,000 ordinary shares to Ms. Tsui, 24,431,707 series A preferred shares to Beyond Ventures Vehicle and 11,763,415 series A preferred shares to ITVFC;

(b) a shareholders' agreement dated 26 March 2021 and entered into among Beyond Ventures Vehicle, ITVFC, Mr. Wu, Ms. Tsui, Yoho BVI, Yoho E-Commerce, Globiz and Yoho Retail, pursuant to which certain shareholder rights in respect of Yoho BVI were agreed among the parties;

(c) a sale and purchase agreement dated on 20 May 2021 and entered into among Beyond Ventures Vehicle, Mr. Wu, Ms. Tsui and our Company, pursuant to which Mr. Wu, Ms Tsui and Beyond Ventures Vehicle agreed to transfer to our Company 74,460,000 ordinary shares of Yoho BVI, 71,540,000 ordinary shares of Yoho BVI and 36,195,122 series A preferred shares of Yoho BVI, and in consideration our Company agreed to allot and issue 74,460,000 Shares to The Mearas Venture Limited, 71,540,000 Shares to The Wings Venture, 15,812,196 Series A Preferred Shares to Beyond Ventures Vehicle, 5,000,000 Series A Preferred Shares to Welight Innovation L.P., 3,619,512 Series A Preferred Shares to Royce City (MHT) Limited, 3,619,512 Series A Preferred Shares to Mr. Szeto Chi Yan Stanley, 6,143,902 Series A Preferred Shares to Ms. Chiang Lai Ling and 2,000,000 Series A Preferred Shares to Method King Limited;

(d) a subscription agreement dated 20 May 2021 and entered into among the 2021 Pre-IPO New Shares Investors, Mr. Wu, Ms. Tsui and our Company, pursuant to which our Company agreed to issue a total of 15,031,101 Series A Preferred Shares to the 2021 Pre-IPO New Shares Investors, and the 2021 Pre-IPO New Shares Investors agreed to subscribe for such Series A Preferred Shares at a total subscription price of US$8,250,000;

(e) a shareholders' agreement dated 21 May 2021 and entered into among the 2021 Pre-IPO New Shares Investors, The Mearas Venture, The Wings Venture, Beyond Ventures Vehicle, Welight Innovation L.P., Royce City (MHT) Limited, Mr. Szeto Chi Yan Stanley, Ms. Chiang Lai Ling, Yo Cheers (BVI), Yoho BVI, Yoho E-Commerce, Globiz, Yoho Retail, Mr. Wu, Ms. Tsui and our Company, pursuant to which certain shareholder rights in respect of our Company were agreed among the parties (the "**2021 Shareholders Agreement**");

(f) a deed of adherence dated 21 May 2021 and entered into among the 2021 Pre-IPO Existing Shares Investors, the 2021 Pre-IPO New Shares Investors, The Mearas Venture, The Wings Venture, Beyond Ventures Vehicle, Welight Innovation L.P., Royce City (MHT) Limited, Mr. Szeto Chi Yan Stanley, Ms. Chiang Lai Ling, Yoho BVI, Yoho E-Commerce, Globiz, Yoho Retail, Mr. Wu, Ms. Tsui, Yo Cheers (BVI) and our Company, pursuant to which the 2021 Pre-IPO Existing Shares Investors agreed to comply with the 2021 Shareholders Agreement;

(g) the Deed of Indemnity;

(h) the Deed of Non-Competition; and

(i) the Hong Kong Underwriting Agreement.

2. Material intellectual property rights

As at the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which are material to our business:

Trademarks	Class	Registered owner	Place of registration	Registration number	Expiry date
A 友和YOHO B 友和YOHO	35	Yoho E-Commerce	Hong Kong	304751497	28 November 2028

As at the Latest Practicable Date, we have filed the following trademark applications which are pending, published and material to our business:

Trademarks	Class	Applicant	Place of application	Application Number	Filing date
友和	35	Yoho Retail	PRC	53433353	30 January 2021

(b) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which are material to our business:

Domain Name	Registered owner	Expiry date
yohohongkong.com	Yoho Retail	9 March 2024
globiz.com.hk	Globiz	24 June 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(i) Interests and short positions of our Directors and chief executives of our Company in the share capital of our Company and its associated corporations

Immediately following the completion of the Capitalisation Issue and the Global Offering (assuming that (i) all Series A Preferred Shares are converted into Shares on an one-to-one basis, (ii) no exercise of the Over-allotment Option and (iii) no exercise of options which may be granted under the Share Option Scheme), the interests and/or short positions of our Directors and chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange, will be as follows:

Name of Director/ chief executive of our Company	Nature of interest	Number of Shares upon the Listing	Approximate percentage of shareholding upon the Listing
Mr. Wu (1,3)	Interest in a controlled corporation and interest of spouse	311,545,390	62.3%
Ms. Tsui (2,3)	Interest in a controlled corporation and interest of spouse	311,545,390	62.3%
Mr. Man Lap (4)	Beneficial Interest	2,234,160	0.4%
Mr. Hsieh Wing Hong Sammy (5)	Interest in controlled corporation	2,877,598	0.6%
Mr. Adamczyk Alexis Thomas David	Beneficial Interest	1,027,714	0.2%

Notes:

(1) The Mearas Venture, which is wholly-owned by Mr. Wu, is interested in 168,003,522 Shares. Under the SFO, Mr. Wu is deemed to be interested in the 168,003,522 Shares held by The Mearas Venture.

(2) The Wings Venture, which is wholly-owned by Ms. Tsui, is interested in 140,938,186 Shares. Under the SFO, Ms. Tsui is deemed to be interested in the 140,938,186 Shares held by The Wings Venture. Yo Cheers (BVI), which is wholly-owned by Ms. Tsui, is interested in 2,603,682 Shares, and under the SFO, Ms. Tsui is deemed to be interested in the 2,603,682 Shares held by Yo Cheers (BVI).

(3) As Mr. Wu is the spouse of Ms. Tsui, Ms. Tsui is deemed to be interested in the 168,003,522 Shares in which Mr. Wu is interested via The Mearas Venture, and Mr. Wu is deemed to be interested in the 143,541,868 Shares in which Ms. Tsui is interested via The Wings Venture (as to 140,938,186 Shares) and Yo Cheers (BVI) (as to 2,603,682 Shares). As a result, each of Mr. Wu and Ms. Tsui is deemed to be interested in a total of 311,545,390 Shares, representing approximately 62.3% interest of the total issued share capital of our Company.

(4) In addition to his direct interests in our Company, Mr. Man Lap is indirectly interested in the issued share capital of our Company via Beyond Ventures Vehicle, which is interested in 35,676,935 Shares. 3 Musketeers Limited, which is owned by Mr. Man and his spouse, Ms. Ma Siu Yan Sandra, as to 50% and 50%, respectively, is (i) one of the shareholders of Beyond I Capital Limited (being the general partner of Beyond Ventures) as to approximately 14.3%, (ii) one of the limited partners and strategic partners of Beyond Ventures which directly owned a total of approximately 8.34% partnership interest (comprising approximately 3.69% partnership interest as limited partner and approximately 4.65% partnership interest as strategic partner, among which approximately 2.18% strategic partnership interest was in respect of our Group and approximately 2.47% strategic partnership interest was in respect of other investment projects invested by Beyond Ventures), and (iii) one of the shareholders of Beyond I Special Capital Limited (being a limited partner of Beyond Ventures which owned approximately 5.35% of limited partnership interest of Beyond Ventures) as to 14.29%. For further details, please see "History, Reorganisation and Corporate Structure — Pre-IPO Investment — Public Float" in this prospectus.

(5) Triple Gold Enterprise Limited, which is ultimately and wholly beneficially owned by Mr. Hsieh, is interested in 2,877,598 Shares. Under the SFO, Mr. Hsieh is deemed to be interested in the 2,877,598 Shares held by Triple Gold Enterprise Limited.

(ii) Interests and short positions of the substantial shareholders in the Shares and underlying shares of our Company or any other member of our Group

Save as disclosed in "Substantial Shareholders" in this prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has any an interest or short position in the Shares and underlying Shares which, once the Shares are listed, would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

2. Directors' service contracts and letters of appointment

Each of the Executive Directors has entered into a service contract with our Company under which they agreed to act as Executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the Executive Director or our Company.

The appointments of the Executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

Each of the Non-executive Directors and the Independent Non-executive Directors has signed an appointment letter with our Company for a term of one year with effect from the Listing Date. Under their respective appointment letters, each of the Non-executive Directors and Independent Non-executive Directors is entitled to a fixed Director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' remuneration

The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses) paid to our Directors and senior management for the three years ended 31 March 2021 and 8M21/22 were approximately HK$1.3 million, HK$1.3 million, HK$1.2 million and HK$2.1 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the three years ended 31 March 2021 and 8M21/22, by any of member of our Group to any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending 31 March 2023 to be approximately HK$2.9 million.

4. Disclaimers

(a) None of our Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(b) Save in connection with the Underwriting Agreements, none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on 20 May 2022.

(a) Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to enable our Group to (1) recognise and acknowledge the contributions that eligible participants have (or may have) made or may make to our Group (whether directly or indirectly); (2) attract and retain and appropriately remunerate the best possible quality of employees and other eligible participants; (3) motivate the eligible participants to optimise their performance and efficiency for the benefit of our Group; (4) enhance its business, employee and other relations; and/or (5) retain maximum flexibility as to the range and nature of rewards and incentives which our Group can offer to eligible participants.

(b) Eligible participants to the Share Option Scheme

Eligible participants mean (1) any employee or officer employed by any member of our Group or an affiliate (whether full time or part time) and any of his/her close associates; (2) any director or proposed director of any member of our Group or any company which is an affiliate and their respective close associates; and (3) any consultant, professional, customer, supplier, agent, franchisee, partner, advisor or contractor of any member of our Group or any of the affiliates and their respective close associates, who the Board in its absolute discretion determines to be qualified to be (or, where applicable, to continue to be qualified to be) an eligible participant.

(c) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other schemes shall not, in aggregate, exceed 10% of the Shares in issue as of the Listing Date (i.e. 50,000,000 Shares) (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be refreshed if so approved by our Shareholders at general meeting from time to time provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as of the date of approval of such renewal by our Shareholders at general meeting (the "**Refreshed Limit**"). Upon such renewal, all options granted under the Share Option Scheme and other schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or other schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Refreshed Limit. A circular must be sent to our Shareholders containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought.

The Board may seek separate approval by our Shareholders at general meeting to grant options beyond the Scheme Mandate Limit or the Refreshed Limit provided that the options in excess of the Scheme Mandate Limit or the Refreshed Limit are granted only to the eligible participants specifically identified by our Company before such approval is sought and our Company must issue a circular to our Shareholders containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such eligible participants.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time. Notwithstanding anything contrary to the terms of the Share Option Scheme, no options may be granted under the Share Option Scheme or other schemes if this will result in the said 30% limit being exceeded.

(d) Maximum entitlement of a grantee

No option may be granted to any eligible participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as of the date of such grant. Any grant of further options above this limit shall be subject to, among others, (1) approval of our Shareholders at general meeting, with such eligible participant and his close associates (or his associates if such eligible participant is a connected person of our Company) abstaining from voting; (2) a circular in relation to the proposal for such further grant having been sent by our Company to our Shareholders with such information from time to time as required by the Listing Rules; and (3) the number and terms (including the Exercise Price (as defined in paragraph (f) below) of the options to be granted to such proposed grantee shall be fixed before the shareholders' approval mentioned in (1) above.

(e) Performance target

Subject to the provisions of the Share Option Scheme and applicable laws, the Board may, on a case-by-case basis and at its discretion when making an offer, impose any conditions, restrictions or limitations in relation thereto in addition to those expressly set forth in Share Option Scheme as it may think fit (which shall be stated in the offer letter) including, vesting period and conditions, restrictions or limitations relating to the achievement of operating or financial targets; and if applicable, the satisfactory performance of certain obligations by the grantee as the Board may determine from time to time.

(f) Exercise price

Subject to any adjustment made pursuant to paragraph (o) below, the exercise price in respect of any particular option (the "**Exercise Price**") shall be a price determined by the Board and stated in the offer letter, and shall not be less than the higher of:

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

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer (where our Company has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before the Listing Date); and

(iii) the nominal value of a Share prevailing on the date of the offer.

(g) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Share Option Scheme.

(h) Options granted to directors or substantial shareholders of our Company

Any grant of options to any director, chief executive or substantial shareholder of our Company, or any of their respective associates must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the proposed grantee of such options).

Where any grant of options to a substantial shareholder of our Company or an Independent Non-executive Director or their respective associates would result in the Shares issued and to be issued upon exercise of the options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by our Shareholders. Our Company must send a circular to our Shareholders containing such information as required under the applicable laws. The relevant grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll in accordance with the Listing Rules.

(i) Grant offer letter and notification of grant of options

An offer shall be made to an eligible participant by an offer letter, which shall specify the following: (1) the name and address of the eligible participant; (2) the number of Shares to which the option to be granted to the eligible participant relates; (3) the procedure for acceptance of the option and the last date by which the offer must be accepted; (4) the period within which a grantee may exercise of the option pursuant to the terms and conditions of the Share Option Scheme to be notified by the Board to each grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the commencement date in respect of any particular option ("**Exercise Period**"), the Exercise Price and the manner of payment of the Exercise Price; and (5) such other terms and conditions of the offer as may be imposed by the Board at its discretion either on a case-by-case basis or generally as are not inconsistent with the Share Option Scheme; and (6) a statement requiring the eligible participant to undertake to hold the option on and subject to the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme.

An offer shall be deemed to have been accepted when our Company receives a duplicate offer letter duly signed from the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of our Company as consideration for the grant thereof. Such remittance shall in no circumstances be refundable. Once accepted, the option shall be deemed to have been granted as from the date on which it was offered to the relevant eligible participant. No offer shall be capable of or open for acceptance after the expiry of ten (10) years from the effective date of the Share Option Scheme.

Any offer may be accepted for a number of Shares less than which is offered, provided that it is accepted in respect of a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the offer is not accepted in the manner set out in the offer letter and cannot be accepted by an eligible participant who ceases to be qualified as an eligible participant after the offer has been made, the offer shall be deemed to have been irrevocably declined and lapsed automatically without notice.

(j) Restriction of grant of options

The Board shall not make any offer:

(i) after inside information (as defined under the SFO) has come to its knowledge until such inside information has been announced by our Company pursuant to the relevant requirements of any applicable laws and regulations of Hong Kong or other relevant jurisdictions (including but not limited to the Listing Rules); or

(ii) during the period commencing one month immediately before the earlier of:

I. the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

II. the deadline for our Company to announce its result for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, or during any period of delay in publication of a results announcement.

(k) Time of exercise of an option

Subject to the relevant Exercise Period and the other terms and conditions of the offer, an option shall be exercised in whole or in part by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) Cancellation of options

Any option may be cancelled in whole or in part and at any time:

(i) if agreed between our Company and the relevant grantee; or

(ii) if the Board offers to grant to the grantee replacement options of equivalent value of the options being cancelled; or

(iii) if our Company pays or procures to be paid to the grantee an amount equal to the cash value of the options being cancelled as of the date of cancellation as determined by the Board by reference to the difference between the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of the cancellation and the Exercise Price.

Where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made under a scheme with available unissued options (excluding for this purpose all cancelled options) and in compliance with the terms of the Share Option Scheme.

(m) Lapse of an option

An option (to the extent not already exercised) shall lapse and not be exercisable on the earliest of:

(i) the expiry of the Exercise Period;

(ii) the expiry of any of the periods referred to in paragraphs (p) and (q) below;

(iii) subject to paragraph (r) below, the date of the commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (s) below;

(v) in the case of the grantee being an employee or officer or any of his/her close associates, the date on which the relevant employee ceases to be an employee on the grounds that he has been guilty of serious misconduct, or there exist grounds allowing summary dismissal under the relevant employment contract or under common law, or he has been convicted of any criminal offence involving his integrity or honesty ("**Culpable Termination**");

(vi) the occurrence of bankruptcy of the grantee, unless otherwise determined to the contrary by the Board;

(vii) the date on which the grantee commits a breach of any terms or conditions attached to the grant of the option, unless otherwise determined to the contrary by the Board; and

(viii) the date on which the Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria in accordance with the terms of the Share Option Scheme.

(n) Voting and dividend rights

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(o) Effect of alteration in the share capital of our Company

In the event of any alteration in the capital structure of our Company while any option remains exercisable, and such event arises from, including a capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of capital of our Company (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), the Board may, if it deems appropriate, direct that such corresponding adjustments (if any) be made in:

(i) the number of Shares subject to the options so far as unexercised; and/or

(ii) the Exercise Price; and/or

(iii) the number of Shares subject to the Share Option Scheme,

as the auditors or an independent financial advisor appointed by our Company for such purpose shall certify in writing that the adjustments satisfy the requirements, among others, that the adjustments must give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled, but no such adjustments may be made to the extent that Shares would be issued at less than their nominal value. The capacity of the auditors or the independent financial advisor is that of experts and not of arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on our Company and all persons who may be affected thereby. The costs of the auditors or the independent financial advisor for the purpose of and in connection with the Share Option Scheme shall be borne by our Company.

(p) Retirement, death or permanent physical or mental disability of an eligible participant

In the event of death of the grantee before exercising the option in full, his personal representative(s) may exercise the option (to the extent exercisable and not already exercised) either in full or in part until the earlier of the expiry of the Exercise Period and the expiry of 12 months following his death or such longer period as the Board may determine.

In the event of the grantee (being an employee or officer or director (or proposed director) or their respective close associates) ceasing to be an eligible participant by reason of disability of the relevant employee or director (or proposed director), the grantee may exercise the option (to the extent exercisable and not already exercised) either in full or in part until the earlier of the expiry of the Exercise Period and the expiry of six months following such cessation or such longer period as the Board may determine.

In the event of the grantee ceasing to be an eligible participant for any reason other than his death or disability, bankruptcy or Culpable Termination of the relevant employee or director (or proposed director), the grantee may exercise the option (to the extent exercisable and not already exercised) either in full or in part until the earlier of the expiry of the Exercise Period and the expiry of 30 days following such cessation or such longer period as the Board may determine.

(q) Rights on takeover and schemes of compromise or arrangement

In the event of a takeover or merger offer (other than by way of a scheme of arrangement) being made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such takeover or merger offer becomes or is declared unconditional, the grantees may exercise the options (to the extent exercisable and not already exercised) either in full or in part at any time up to the close of such offer (or any revised offer) unless the Board shall determine to the contrary.

In the event of a takeover or merger offer by way of a scheme of arrangement (other than for the purpose of reconstruction or amalgamation of our Company) being made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the scheme of arrangement is approved by the requisite resolutions of shareholders of our Company at general meeting, the grantees may exercise the options (to the extent exercisable and not already exercised) either in full or in part not later than three business days (excluding any period(s) of closure of our Company's share register(s)) immediately preceding the date of the proposed meeting, and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share register(s)) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the grantees which falls to be issued on such exercise. With effect from the date of the proposed meeting, the rights of all grantees to exercise the options shall forthwith suspended. Upon the scheme of arrangement becoming effective, all options shall lapse. If the scheme of arrangement is not approved by the relevant court, the rights of the grantees to exercise the options shall with effect from the date of the court's decision be restored in full. No claim shall lie against our Company or the Board for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(r) Rights on voluntary winding up

In the event of a notice being given by our Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to all grantees on the same date as it gives notice of the meeting to its shareholders, and thereupon the grantees may exercise the options (to the extent exercisable and not already exercised) either in full or in part not later than three business days (excluding any period(s) of closure of our Company's share register(s)) immediately preceding the date of the proposed meeting, and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share register(s)) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the grantees which falls to be issued upon such exercise.

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company shall forthwith give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the grantees may exercise the options (to the extent exercisable and not already exercised) either in full or in part by giving notice in writing to our Company accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given not later than three business days (excluding any period(s) of closure of our Company's share register(s)) immediately preceding the date of the proposed meeting, and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share register(s)) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the grantees which falls to be issued on such exercise.

(t) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Articles of Association and the applicable laws in force as of the date on which Shares are allotted and issued to a grantee pursuant to the exercise of an option hereunder ("**Allotment Date**") and shall rank pari passu in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holder to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date.

(u) Duration

The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the effective date of the Share Option Scheme, after which no further options may be offered or granted under the Share Option Scheme but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the terms and conditions of the Share Option Scheme.

(v) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board save for the following alterations which may be effected only with the prior approval of our Shareholders at general meeting:

(i) any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the grantees or prospective grantees;

(ii) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature except where such alterations take effect automatically under the existing terms of the Share Option Scheme; and

(iii) any change to the authority of the Board in relation to any alterations to the terms of the Share Option Scheme,

provided always that the amended terms of the Share Option Scheme must continue to comply with the relevant provisions of the Listing Rules and any other applicable laws.

(w) Termination

Our Company by resolution at general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event, no further options may be offered or granted under the Share Option Scheme but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to the termination or otherwise as may be required in accordance with the terms and conditions of the Share Option Scheme.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

(i) the passing of the necessary resolution by our Shareholders at general meeting as required by the Articles of Association for approving the adoption of the Share Option Scheme;

(ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be allotted and issued by our Company pursuant to the exercise of the Options in accordance with the terms and conditions of the Share Option Scheme; and

(iii) the commencement of the dealings in the Shares on the Stock Exchange.

If the conditions above are not satisfied on or before 30 June 2022 (or such later date as the Board may determine), the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

An application has been made to the Listing Committee to the Stock Exchange for the listing of, and permission to deal in, the new Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

As of the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Share Option Scheme.

Our Company will disclose in the annual and interim reports details of the Share Option Scheme including the number of options granted/exercised/cancelled/lapsed, date of grant, vesting period, exercise period and exercise price during the relevant financial year/period in accordance with the Listing Rules in force from time to time.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with our Company (for itself and the other members of our Group). Under the Deed of Indemnity, our Controlling Shareholders will jointly and severally indemnify and keep indemnified our Company (for itself and the other members of our Group) against, among other things, all taxation falling on any member of our Group resulting from, or relating to, or in consequence of, or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) and/or assets acquired by any member of our Group on or before the date on which the Global Offering becomes unconditional (the "**Effective Date**").

Our Controlling Shareholders will, however, not be liable under the Deed of Indemnity where, among other things, (a) specific provision or reserve has been made for such liability in the Accountants' Report set out in Appendix I to this prospectus; or (b) the liability arises or is increased as a result only of a retrospective change in law or a retrospective increase in tax rates coming in force after the Effective Date; or (c) the liability would not have arisen but for any voluntary act of any member of our Group after the Effective Date which the relevant member of our Group ought reasonably to have known would give rise to such liability; or (d) in respect of any liability under the taxation indemnity given, and any claim in relation to taxation as specified under the Deed of Indemnity, the liability arises in the ordinary course of business of our Group after 30 November 2021 and up to the Effective Date.

3. Litigation

As of the Latest Practicable Date, no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group that would have a material adverse effect on our results of operations or financial condition.

4. The Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rules 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of HK$6,200,000 for acting as the sponsor for the Listing.

5. Qualification of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in, or referred to in, this prospectus (the "**Experts**") are set out below:

Name	Qualifications
CMBC International Capital Limited	Licenced corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Maples and Calder (Hong Kong) LLP	Company's Cayman Islands legal advisers
Frost & Sullivan Limited	Industry research consultant
Ms. Queenie W. S. Ng	Barrister-at-Law in Hong Kong

6. Consents of experts

Each of the Experts has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be), all of which are dated the date of this prospectus and made for incorporation in this prospectus, and references to its name included in the form and context in which it respectively appears.

7. Interests of experts

Other than pursuant to the Underwriting Agreements, none of the Experts has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

None of the Experts has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

8. Promoter

Our Company has no promoter for the purpose of the Listing Rules. No amount or benefit has been paid or given within the two years immediately preceding the date of this prospectus or intended to be paid or given to any promoter.

9. Preliminary expenses

The preliminary expenses incurred by our Company in relation to our incorporation amounted to approximately HK$31,500 and were paid by our Company.

10. Exemption from requirement to set out property valuation report

This prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance in reliance on the exemption under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). Please see "Business — Properties" in this prospectus for further details.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance insofar as applicable.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Financial Adviser

Wings Securities Limited has been appointed by our Company as financial adviser in respect of the Listing and Global Offering. The appointment of Wings Securities Limited was not made pursuant to the requirements of the Listing Rules, and the appointment of Wings Securities Limited is separate and distinct from the appointment of the Sole Sponsor (which is required to be made by us pursuant to the Listing Rules). The Sole Sponsor is responsible for fulfilling its duties as sponsor to our Company's application for listing on the Stock Exchange, and the Sole Sponsor has not relied on any of the work performed by Wings Securities Limited in fulfilling those duties. The role of Wings Securities Limited in the Listing and the Global Offering is different from that of the Sole Sponsor in that it focuses on providing general financial advisory services to our Company in respect of the Listing and Global Offering such as providing advice regarding the appropriate corporate structure and investment positioning of our Company, and the timing, marketing process, investor targeting strategy and other aspects of the Global Offering such as recommending appropriate professional parties and assisting in securing pre-IPO investment financing from certain 2021 Pre-IPO Investors, namely, Mr. Chiu Ka Kui Kenneth, Mr. Arthur Wu, Mr. Jason Wu, Mr. Leung Hon Fai Kevin and Mr. Tsoi Yiu Ting. Wings Securities Limited is a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Save as disclosed in "History, reorganisation and corporate structure — Pre-IPO Investment — Information on the Pre-IPO Investors — 6. Pre-IPO investors relating to the Wu family", Wings Securities Limited does not have any relationship with the shareholders and directors of the Group.

14. Miscellaneous

(a) Save as disclosed in "History, Reorganisation and Corporate Structure" in this prospectus and "— A. Further Information about Our Group — 2. Changes in the share capital of our Company" and "— 4. Changes in the capital of our subsidiaries" in this section, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group; and

(iii) no commission (except commission to sub-underwriters) has been paid or payable to any person for subscribing, agreeing to subscribe, or procuring or agreeing to procure subscription, for any shares in or debentures of our Company.

(b) Save as disclosed in "— D. Share Option Scheme" in this section, no share or loan capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

(d) Our Company has no outstanding convertible debt securities or debentures.

(e) There is no arrangement under which future dividends are waived or agreed to be waived.

(f) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(g) The principal register of members of our Company will be maintained in the Cayman Islands by Maples Fund Services (Cayman) Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by Tricor Investor Services Limited.

(h) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

(i) No company within our Group is presently listed on any stock exchange or traded on any trading system.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of the Green Application Form;

(b) the written consents referred to in "Statutory and General Information — E. Other Information — 6. Consents of Experts" in Appendix IV to this prospectus; and

(c) copies of the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Material Contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on display on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.yohohongkong.com**) up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles of Association;

(b) the Accountants' Report of our Group from Deloitte Touche Tohmatsu, the texts of which are set forth in Appendix I to this prospectus;

(c) the report from Deloitte Touche Tohmatsu in relation to the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix IIA to this prospectus;

(d) the letters from Deloitte Touche Tohmatsu and the Sole Sponsor relating to the loss estimate, the texts of which are set forth in Appendix IIB to this prospectus;

(e) the audited consolidated financial statements of our Company for the years ended 31 March 2019, 31 March 2020, 31 March 2021 and 8M21/22;

(f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisers on Cayman Islands Law, summarising certain aspects of Cayman Islands company law referred to the Appendix III to this prospectus;

(g) the report issued by Frost & Sullivan Limited, an industry research consultant, from which information in "Industry Overview" of this prospectus is extracted;

(h) the Hong Kong legal opinion issued by Ms. Queenie W. S. Ng, our Legal Counsel;

(i) the Cayman Islands Companies Act;

(j) the written consents referred to in "Statuary and General Information — E. Other Information — 6. Consents of Experts" in Appendix IV to this prospectus;

(k) the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Material Contracts" in Appendix IV to this prospectus;

(l) the service contracts and the letters of appointment with our Directors referred to in "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Directors' service contracts and letter of appointment" in Appendix IV to this prospectus; and

(m) the terms of the Share Option Scheme.

友和 YOHO