

# Artini Holdings Limited 雅天妮集團有限公司

( Incorporated in the Bermuda with limited liability )

Stock Code : 789



2023/24  
Annual Report



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chen Long (*Chairman*)

(appointed on 30 October 2023)

Mr. Tse Hoi Chau

Mr. Chen Shaojia (*Chief Executive*)

(appointed on 29 November 2023)

Ms. Yu Zhonglian (resigned on 29 November 2023)

Mr. Tse Kin Lung (resigned on 29 November 2023)

### Independent Non-executive Directors

Mr. Yuen Wai Kin (appointed on 29 November 2023)

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

Mr. Lau Fai Lawrence (resigned on 29 November 2023)

## AUDIT COMMITTEE

Mr. Yuen Wai Kin (*Chairman*)

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

## REMUNERATION COMMITTEE

Mr. Ma Sai Yam (*Chairman*)

Mr. Chen Long

Mr. Yuen Wai Kin

Mr. Lau Yiu Kit

## NOMINATION COMMITTEE

Mr. Yuen Wai Kin (*Chairman*)

Mr. Chen Long

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

## COMPANY SECRETARY

Mr. Wong Yun Fai (appointed on 1 December 2023)

Ms. Ho Wing Yan (resigned on 1 December 2023)

## AUTHORISED REPRESENTATIVES

Mr. Chen Long

Mr. Wong Yun Fai

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## PRINCIPAL PLACE OF BUSINESS

Unit No.8502, Level 85,

International Commerce Centre

1 Austin Road West

Kowloon, Hong Kong

## PRINCIPAL BANKERS

CMB Wing Lung Bank Limited

China Construction Bank (Asia) Corporation Limited

The Hongkong and Shanghai Banking Corporation

Limited

### LEGAL ADVISERS

#### As to Bermuda law

Conyers Dill & Pearman  
2901, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

#### As to Hong Kong law

Fangda Partners  
26/F, One Exchange Square  
8 Connaught Place, Central  
Hong Kong

### AUDITOR

CL Partners CPA Limited  
3203A-5, Tower 2  
Lippo Centre  
89 Queensway  
Admiralty  
Hong Kong

### SHARE REGISTRARS

#### Principal share registrar and transfer office

MUFG Fund Services (Bermuda) Limited  
4th floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

#### Hong Kong branch share registrar and transfer office

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

### LISTING EXCHANGE INFORMATION

#### Place of Listing

The Stock Exchange of Hong Kong Limited

#### Stock Code

789

### COMPANY'S WEBSITE

[www.artini.com.hk](http://www.artini.com.hk)

## Chairman's Statement

With innate artistic talent,

# ARTINI

embraces artistic designs of its products with the essence of Chinese elegance:

A timeless classic through assimilation and white empties.



# Chairman's Statement

## DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Artini Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024 (the "Year") to all shareholders of the Company (the "Shareholders").

## REVIEW

In the year of 2024, the global economy was still under serious challenges, including downside risks arising from continuous inflations, persistently high interest rates, as well as intensifying geopolitical tensions. However, market risks often come with opportunities, which in turn is a critical time for the consumer goods industry to undergo strategic upgrades and transformations. In an ever-changing market environment, we are determined to capture emerging business opportunities and actively promote product diversification development, thus injecting new vitality and dynamism into the Group.

During the Year, we invested more in the fashion accessories business layout, optimised the positioning of the Group's brands, continued to promote digital transformations and upgrades, enhanced the online sales platform and deepened our interaction with consumers. Through technological innovation, we have empowered the sustainable development of our fashion accessories business. In addition, after years of meticulous cultivation, the Group has built up an extensive customer base and an outstanding brand image. During the fourth quarter of the Year, we made full use of the Group's popularity and good reputation to further expand our market domain by actively laying out our skincare and health products sales business with "life fashion" and "lifestyle" as the core positions.

## OUTLOOK

In order to keep pace with the evolving technological innovation field, the Group has always adhered to the philosophy of prioritising progress while maintaining stability to ensure that it can flexibly adapt to the changing market environment. We will continue to upgrade our sales platforms, believing that digital transformation and sales platform upgrades can significantly improve overall operational efficiency. Moreover, the Group will further enhance the diversity of our fashion accessories business and skincare and health products sales business to meet market demand. We are committed to providing more diversified and high-quality products in these areas in order to strengthen market competitiveness and the Group's profitability. Meanwhile, we will further strengthen our presence in the Chinese market so as to capitalise on the opportunities gifted by the times, closely coordinate with the "dual circulation" economic development strategy as set out in the "14th Five-Year Plan".

## APPRECIATION

I would like to express my gratitude to all of the staffs for their commitment, dedication and professionalism that have led to the Group's continuous success. The Board would like to thank each staff for their hard work and dedication, and would also like to express its sincere gratitude to the Group's shareholders, customers and suppliers for their continuous valuable support.

**Artini Holdings Limited**

**Chen Long**

*Chairman and executive Director*

Hong Kong, 26 June 2024

# Five-Year Financial Highlights

(All amounts in HK\$ thousands unless otherwise stated)

	For the year ended 31 March				
	2024	2023	2022	2021	2020
Revenue	<b>71,180</b>	63,692	76,968	79,397	227,568
Gross profit	<b>15,860</b>	16,179	14,053	9,197	55,575
Profit/(loss) for the year	<b>6,825</b>	(1,435)	(22,377)	(26,621)	10,981
Non-current assets	<b>34,174</b>	28,106	32,802	36,574	35,112
Current assets	<b>116,035</b>	126,216	130,696	145,690	163,860
Current liabilities	<b>30,751</b>	23,884	22,461	21,345	37,063
Net current assets	<b>85,284</b>	102,332	108,235	124,345	126,797
Total assets less current liabilities	<b>119,458</b>	130,438	141,037	160,919	161,909
Total equity	<b>113,130</b>	130,396	140,752	158,173	161,904
Gross profit margin (%)	<b>22.3</b>	25.4	18.3	11.6	24.4
Net profit/(loss) margin (%)	<b>9.6</b>	(2.25)	(29.1)	(33.5)	4.8
Basic and diluted earnings/(loss) per share (HK\$)	<b>0.006</b>	(0.001)	(0.020)	(0.024)	0.002
Current ratio (times)	<b>3.8</b>	5.3	5.8	6.8	4.4
Return on equity (%)	<b>6.0</b>	(1.1)	(15.9)	(16.8)	6.8
Return on assets (%)	<b>4.5</b>	(0.9)	(13.7)	(14.6)	5.5

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is principally engaged in the fashion accessories business and commenced its skincare and health products sales business during the Year.

The global consumer goods industry continues to face severe challenges. The Group has not been immune to global turbulence due to various downside risks such as the continuing high interest rate environment and geopolitical tensions. In addition, the rise in inflation rate had a strong impact on consumer spending, particularly in the luxury goods sector. The Group has always been committed to ensuring stable operation and has consistently taken steps to sustain progress. In the face of many challenges and intensified competition in the industry, the Group has been making headway and actively exploring opportunities to join the new development landscape. During the Year, the Group recorded a total revenue of approximately HK\$71,180,000 (2023: approximately HK\$63,692,000). Gross profit for the Year amounted to approximately HK\$15,860,000 (2023: approximately HK\$16,179,000), and profit for the Year amounted to approximately HK\$6,825,000 (2023: a loss of approximately HK\$1,435,000).

## Strengthening the Layout of Fashion Accessories Business

During the Year, the Group has been actively expanding its business bases by setting up new operation centres in Hong Kong, Shenzhen and Guangzhou, respectively, and selectively recruiting new staff to strengthen the market position and competitiveness of its brands in the fashion accessories sector.

While there was no significant improvement in the overall luxury goods sector during the Year, the Group's fashion accessories business recorded a modest growth in sales performance. The Group continued to optimise the positioning of the Group's brands, including 'Artini' and 'Asbeny', to make them more diversified, living and fashionable, and at the same time increased its investment in digitalisation, platformisation and social media marketing and online platforms to strengthen the Group's competitiveness in the lifestyle industry.

To expand new customer sources and new markets and thereby increase market share, the Group's selling and distribution expenses increased by approximately 59.9% from approximately HK\$10,253,000 for the year ended 31 March 2023 to approximately HK\$16,391,000 for the Year.

## Developing Diversity, Planning for the Future

During the Year, the Group actively explored new development opportunities. In the past, the Group has successfully built up its popularity and solid online sales performance of fashion accessories products through its internal online platform and third-party retail network. With the huge potential of the general health and wellness business in the post epidemic era, the Group has expanded its skincare and health product sales platform business during the Year. In order to capitalise on the Group's existing brand strengths and to meet the market demand, the Group has positioned its health products as 'life fashion' and 'lifestyle'. We actively promote product diversification, optimise industrial layout, and further enrich product portfolio on the basis of giving full play to our own advantages, in order to realise the long-term stability and sustainable development of the Group's profitability. At the same time, during the Year, the Group zeroed in on adjusting its marketing direction and strengthen the development of sales share in the People's Republic of China (the "PRC") market to further avoid the risk of relying on bilateral trade in a single region.



# Management Discussion and Analysis

## PROSPECT

Looking ahead to 2025, the Group expects that the prolonged high-interest rate and high inflation environment will continue to pose challenges to the consumer goods industry. Even if there are signs of recovery, we expect that consumers will remain cautious and tend to hold back on non-essential spending, and therefore, the recovery in global consumer demand will be gradual rather than sudden. The Group will follow through to review and reinforce its strengths, grasping the opportunities arising from the new era.

The Group will continue to promote its brands and strategically develop its sales platforms and social media marketing online platforms. The Group will persist in maintaining and enhancing its brand image, strengthen the integration of online and offline channels, and improve market penetration and customer stickiness. The Group will continue to optimise product portfolio through relevant online channels by launching more fashion accessories and skincare and health products to meet the needs of consumers in order to increase market share by exploiting new customers and new markets. The Group will also continue to upgrade its brands to accelerate the pace of socialised marketing, and to zero in on product innovation, skills development and new product launch.

The Group strictly follows the ‘Dual circulation’ economic development plan proposed in the National ‘14th Five-Year Plan’ and actively seizes the opportunities. It is expected that the trend of consumption upgrading in China will continue in the future, with consumers increasing their purchases of local high-end fashion accessories and life fashion products. In this regard, the Group will further increase its investment in the PRC market and continue to expand its sales share in the PRC. Meanwhile, under the trend of rising demand for precious metals, the Group is making full use of the strengths of its brands to actively expand the market for precious metal products, with a view to promoting the overall development of its fashion accessories business.

In the face of the ever-changing market environment, the Group recognises that long-term success can only be ensured by a more prudent and effective allocation of capital and resources. The Group is actively exploring paths of development. The Group will actively promote the upgrade and construction of its online platform, and continue to push forward its digital transformation in order to enhance its operational efficiency and decision-making support capabilities, strengthening the Group’s overall competitiveness. The Group will actively optimise its industrial layout, strengthen its supply chain management and control, and further explore the possibilities of industrial chain development on the basis of fully utilising its own strengths, so as to realise the Group’s profitability and stability, and to focus on long-term and more sustainable business development. Meanwhile, the Group will persist in assessing the current business strategies and will seek for suitable business opportunities, so as to create and explore new profit engines. It will then bring more stable development to the Group and ensure the interest of the shareholders of the Company.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group is mainly derived from (i) fashion accessories platform business, representing wholesale, retail and distribution of fashion accessories mainly through self-operated online platform and third-party sales online platforms, and (ii) skincare and health product sales platform business, representing wholesale, retail and distribution of skincare and health products mainly through self-operated online platform.

Revenue of the Group for the year ended 31 March 2024 was approximately HK\$71,180,000 (2023: approximately HK\$63,692,000), representing an increase of approximately 11.8% from that of 2023. The increase in the Group's revenue was due to (i) the increase in the sales of fashion accessories platform business from approximately HK\$63,692,000 for the year ended 31 March 2023 to approximately HK\$67,769,000 for the year ended 31 March 2024; and (ii) sales of skincare and health product sales platform business amounted to approximately HK\$3,411,000 which was an additional income stream of the Group for the Year.

### Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2024 was approximately HK\$15,860,000 (2023: approximately HK\$16,179,000), representing a decrease of approximately 2.0%. The Group's gross profit margin decreased from approximately 25.4% for the year ended 31 March 2023 to approximately 22.3% for the year ended 31 March 2024. Such fluctuation was due to the decrease in gross profit margin of the sales of fashion accessories platform business from approximately 25.4% for the year ended 31 March 2023 to approximately 21.8% for the year ended 31 March 2024 which was mainly due to larger discounts offered to customers. The gross profit margin of the sales of skincare and health product sales platform business was approximately 32.2% which is an additional income stream of the Group for the Year.

### Other gains and losses

The Group's net other gains for the year ended 31 March 2024 was approximately HK\$19,541,000 (2023: net other losses approximately HK\$1,081,000). The fluctuation was mainly due to the exchange gains from one-off reclassification of cumulative translation reserve upon deregistration of a subsidiary with foreign operation amounted to approximately HK\$18,866,000 which is offset by the impairment loss on goodwill amounted to approximately HK\$2,534,000.

### Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 March 2024 was approximately HK\$16,391,000 (2023: approximately HK\$10,253,000), representing an increase of approximately 59.9%. The increase in the Group's selling and distribution expenses during the Year was mainly attributable to the aggregate effect of the increase in designing, marketing and promotion expenses for the Group's fashion accessories business; and increase in the expenses on maintenance and upgrade of fashion accessories platforms during the Year.

### Administrative expenses

The Group's administrative expenses for the year ended 31 March 2024 was approximately HK\$12,450,000 (2023: approximately HK\$7,908,000), representing an increase of approximately 57.4%. Such increase was mainly attributable to the aggregate effect of (i) the increase in the staff costs due to the additional manpower; (ii) the increase in amount of depreciation of right-of-use assets; and (iii) the increase in the other professional expenses and printing expenses.

# Management Discussion and Analysis

## Profit for the Year

As a result of the foregoing, the Group's profit for the Year was approximately HK\$6,825,000 (2023: a loss of approximately HK\$1,435,000).

## Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 March 2024 and 2023. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## Capital structure

There has been no change in the capital structure of the Group during the Year. The capital of the Group only comprises ordinary shares.

## FOREIGN EXCHANGE EXPOSURE

The major business activities of the Group take place in the PRC and Hong Kong. Accordingly, the potential foreign exchange exposure of the Group is mainly attributable to fluctuations of Renminbi. The Group has not used or has no plan to use any forward contract or other derivative products to hedge exchange rates exposure as the management considers it more difficult to monitor and manage the risks arising from such forward contracts or derivative products. The management of the Group will, nonetheless, continue to monitor the Group's foreign currency risks exposures and consider adopting prudent measures as appropriate.

## CHARGES ON ASSETS

As at 31 March 2024 and 2023, the Group did not have any charges on its assets.

## CHANGE OF CONTROLLING SHAREHOLDER

On 16 September 2023, Mr. Tse Hoi Chau ("Mr. Tse") and Walifax Investments Limited, which is wholly owned by Mr. Tse (collectively, the "Vendors"), as vendors, and Rapid Development Limited (the "Offeror"), which is ultimately owned as to 70% by Mr. Chen Long, 29% by Ms. Lin Chenjie (wife of Mr. Chen Long) and 1% by Mr. Chen Naien (brother of Mr. Chen Long), as purchaser, entered into a sale and purchase agreement (the "Agreement"), pursuant to which the Vendors agreed to sell and the Offeror agreed to purchase a total of 708,018,397 shares of the Company (the "Sale Shares"), representing approximately 64.13% of the issued shares of the Company (the "Shares"), for an aggregate consideration of approximately HK\$128,292,934, equivalent to HK\$0.1812 per Sale Share.

Immediately upon completion of the sale and purchase of the Sale Shares, the Offeror and parties acting in concert with it were interested in 64.13% of the issued Shares. Pursuant to the Hong Kong Code on Takeovers and Mergers, Blackwell Global Securities Limited, on behalf of the Offeror, made an unconditional mandatory cash offer to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) at HK\$0.1812 per Share (the "Offer"). Pursuant to the announcement dated 20 November 2023 jointly issued by the Company and the Offeror, the Offer was closed on 20 November 2023 and the Offeror received valid acceptances in respect of a total of 573,128 Shares under the Offer, representing approximately 0.05% of the issued Shares. Immediately after the close of the Offer, on 20 November 2023, the Offeror and parties acting in concert with it were interested in an aggregate of 708,591,525 Shares, representing approximately 64.19% of the issued Shares.

## Management Discussion and Analysis

Details of the Agreement and the Offer are set out in the announcements of the Company dated 28 April 2023, 27 September 2023, 29 September 2023, 18 October 2023, 30 October 2023 and 20 November 2023.

### SIGNIFICANT INVESTMENTS

On 5 December 2023, the Company entered into a lease agreement as tenant with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (the “Agent”) as agent for City Lion Investment Limited (the “Landlord”) in respect of the lease of the office premise at Unit No. 8502 on Level 85 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (the “Premises”) for a term of three years commencing from 15 December 2023 to 14 December 2026 (both days inclusive) for use as the Group’s head office and principal place of business in Hong Kong.

To the best of the information, knowledge and belief of the Directors having made reasonable enquiries, the Landlord and the Agent are wholly owned by Sun Hung Kai Properties Limited, a company listed on the Main Board of Stock Exchange (stock code: 16). The Landlord, the Agent and their respective ultimate beneficial owners are Independent Third Parties.

The monthly rental fee is HK\$231,552 per calendar month payable in advance (exclusive of air-conditioning and management charges, government rates and other outgoings). Pursuant to HKFRS 16, the tenancy of the Premises will be recognised as right-of-use assets for an amount of approximately HK\$7.2 million. Please refer to the announcements of the Company dated 5 December 2023 and 6 December 2023 for further information. Except for this transaction, during the year ended 31 March 2024, the Group did not hold any significant investments, nor did it have any material acquisitions or disposals of any subsidiaries, associates or joint ventures that would constitute a discloseable transaction under Chapter 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group’s current business, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholder’s value.

### EMPLOYEES AND EMOLUMENTS

As at 31 March 2024, the Group had 44 employees (2023: 25), and the total staff cost including Directors’ emoluments amounted to approximately HK\$6,794,000 (2023: approximately HK\$4,380,000). To enhance the expertise, product knowledge, marketing skills and overall operational management skills of its employees, the Group organised regular training and development courses for its employees, and provided them with a competitive remuneration package, including salary, allowance, insurance, commission and bonus. Meanwhile, in order to create a harmonious and family-like working atmosphere, the Group emphasises on communication with employees and continually developing paths for staff promotion. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

## Management Discussion and Analysis

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

### LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group generally financed its operations with internally generated resources and its own working capital. As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$48,282,000 (2023: approximately HK\$18,886,000). As at 31 March 2024 and 2023, there was no undrawn general banking facilities available to the Group, and the Group did not have any outstanding borrowing. The Group monitors its capital structure on the basis of gearing ratio, which is calculated as total liabilities over total equity. The gearing ratio of the Group was approximately 32.8% as at 31 March 2024 (2023: approximately 18.3%).

### CAPITAL COMMITMENTS

As at 31 March 2024 and 2023, the Group did not have any significant capital commitments.

### CONTINGENT LIABILITIES

As at 31 March 2024 and 2023, the Group had no significant contingent liabilities.

### EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Year and up to the date of this report.

### KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group are of the view that employees, customers and suppliers are one of the keys to the sustainable development of the Group. The Directors believe that the Group maintains good working relations with its employees, customers and suppliers during the Year.

#### Customers

During the Year, the sales to the Group's five largest customers accounted for approximately 75.5% of the total revenue for the Year. The customers of the Group are mainly users of the fashion accessories products and skincare and health products; and wholesalers and trading companies engaging in sales of fashion accessories products and skincare and health products.

## Management Discussion and Analysis

The Group continues to increase and maintain the collaboration with customers, to attract new and old customers to procure on the both Integrated Fashion Accessories Platform and Skincare and Health Product Sales Platform by providing quality services, stable high standard products. We aim to achieve a synergy by cross-platform traffic between those platforms. In addition, the platforms' independent development online marketing system supports a large number of registered customers through forming an intelligent marketing mode by immediately forwarding all kinds of promotions and sales activities notifications to customers. Collaborations with professional promotional companies have also been established to issue online or offline promotions about the online wholesale platform, in order to attract new customers.

### Suppliers

During the Year, the purchases from the Group's five largest suppliers accounted for approximately 70.8% of the total purchase for the Year. The suppliers of the Group are mainly trading companies and manufacturers in fashion accessories and skincare and health products industry. Most of them are based in the PRC.

The Group maintains a list of approved and qualified suppliers (based on their prices, quality, past performance and capacity) and strives to establish long term business relationship with them.

### Employees

The Group recognises employees as valuable assets of the Group. The Group strictly complies with the labour laws and regulations of the regions it operates and review regularly the existing staff benefits for improvement. The Group has been motivating the employees by providing reasonable remuneration package and implementing an annual appraisal system to provide opportunities for career development within the Group. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as the medical insurance, annual dinner, staff discounts on purchasing the Group's products. In

addition, each department of the Group is responsible for determining its training needs for employees in its department to ensure that all employees can fulfill and enhance the relevant job qualifications in terms of education, technical and work experience.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group complies with the requirements under the Companies Ordinance (Cap. 622 of the laws of Hong Kong), the Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO") for the disclosure of information and corporate governance.

During the Year, as far as the Directors are aware of and save as disclosed in this annual report, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

### ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to maintaining the long term sustainability of the environment and devoted to building an environmentally friendly corporation. The Group implements policies and practices to achieve resources conservation, energy saving and waste reduction, so as to minimise its impact on the environment. Details please refer to the Environmental, Social and Governance Report of this annual report.

# Biographical Details of Directors

## DIRECTORS

### Executive Directors

**Mr. Chen Long**, aged 30, was appointed as an executive Director, the chairman of the Board (the “Chairman”), a member of the nomination committee (the “Nomination Committee”) and the remuneration committee (the “Remuneration Committee”) of the Company with effect from 30 October 2023. He is also one of the authorized representatives of the Company under Rule 3.05 of the Listing Rules with effective from 29 November 2023. Mr. Chen holds a bachelor’s degree in E-commerce from Xiamen University of Technology (廈門理工學院). Mr. Chen Long is a council member of the Shenzhen Fuzhou Chamber of Commerce\* (深圳福州商會) and the vice president of the New Social Stratum Association of Bao’an District, Shenzhen\* (深圳市寶安區新的社會階層人士聯合會). Mr. Chen Long has over six years of experience in the sales and distribution of consumer goods such as health, cosmetic and electronic products in China. Since July 2019, Mr. Chen Long has been the executive director and one of the ultimate shareholders of Rapid Investment Development (Shenzhen) Limited\* (迅發投資發展(深圳)有限公司), a company which is principally engaged in investment activities with investment in companies engaging in the sales and distribution of consumer goods, including health, cosmetic and electronic products.

**Mr. Tse Hoi Chau (“Mr. Tse”)**, aged 57, was appointed as the chairman of the Board (the “Chairman”), an executive Director and a member of the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) of the Company on 10 December 2012 and was further appointed as chief executive of the Company (the “Chief Executive”) on 21 June 2013 and then resigned as the Chief Executive on 8 August 2019. He had stepped down from the position as Chairman, and also his positions as a member of the Nomination Committee and the Remuneration Committee on 30 October 2023. He was also one of the authorized representatives of the Company under Rule 3.05 of the Listing Rules and ceased to act as an authorised representative on 29 November 2023. He possesses more than 20 years’ experience in the fashion ornament and jewellery wholesale industry. He is the deputy-chairman of Guangdong Province Fashion Jewelry and Accessories Association, the executive chairman of the China Jewelry Association Fashion Ornament Chapter and a life honorary president of Hong Kong Island Chaoren Association Limited.

**Mr. Chen Shaojia**, aged 42, was appointed as an executive Director and Chief Executive of the Company with effect from 29 November 2023. He has over 20 years of experiences in enterprise management, strategy formulation and finance. Since June 2018, Mr. Chen Shaojia has been the executive director of Hengji Cultural Information Technology (Shenzhen) Co., Ltd\* (恒基文化信息科技(深圳)有限公司). From August 2017 to September 2018, he was the deputy general manager and chief financial officer of Shenzhen Qiantai Energy Regeneration Technology Co., Ltd\* (深圳乾泰能源再生技術有限公司). From January 2007 to December 2015, he had been the financial manager, chief financial officer, deputy general manager and directors in various subsidiaries of Veson Holdings Limited (formerly known as SCUD Group Limited), a company listed on the Stock Exchange (Stock Code: 1399), and his last position was a director of SCUD Power (Shenzhen) Co., Ltd\* (飛毛腿電源(深圳)有限公司).

## Biographical Details of Directors

Mr. Chen Shaojia obtained a bachelor's degree in accounting from Fuzhou University and a master's degree in business administration from School of Business of Hong Kong Baptist University in December 2007 and November 2013, respectively. He was qualified as a Senior Accountant and a Senior Economist by Shenzhen City Senior Professional Title Evaluation Committee in Accounting Sector and Shenzhen City Secondary Senior Economist Title Evaluation Committee in July 2020 and April 2023, respectively. He obtained the International Accountant Qualification Certificate issued by China Association of Chief Financial Officers in November 2017. Mr. Chen Shaojia obtained Senior International Finance Manager Certificate jointly issued by China Association of Chief Financial Officers and Association of International Accountants in August 2012, and Certified Senior Enterprise Risk Manager Certificate issued by Asia Association of Risk and Crisis Management in October 2012, respectively.

### Independent Non-executive Directors

**Mr. Yuen Wai Kin ("Mr. Yuen")**, aged 38, was appointed as an independent non-executive Director with effect from 29 November 2023. Mr. Yuen will also be appointed as the chairman of the Audit Committee, member of the Remuneration Committee and the chairman of the Nomination Committee with effect from 29 November 2023. He has over 13 years of experience in accounting, finance and corporate secretarial matters gained from international accounting firm and Hong Kong listed companies. Since November 2022, Mr. Yuen has acted as the chief financial officer of DRJ Limited, a Hong Kong Trust or Company Service Provider licensed by Hong Kong Companies Registry and major subsidiary of Rogue Station Companies Inc (of which shares are trading in U.S. OTC markets, stock code: RGST). In addition, since October 2019, he has also acted as the sole director of RJK Professional Service Limited, a private limited company incorporated in Hong Kong, which provides training service in area of regulatory compliance and corporate governance practices. Prior to joining DRJ Limited, from March 2022 to May 2022, he served as Senior Finance Manager and Company Secretary of Domaine Power Holdings Limited (formerly known as Hifood Group Holdings Co., Limited, a company listed on the Stock Exchange, Stock Code: 442). From March 2020 to December 2021, Mr. Yuen worked at Gemilang International Limited, a company listed on the Stock Exchange (Stock Code: 6163), and his last position was Group Financial Controller and Company Secretary.

Mr. Yuen obtained a bachelor's degree in accountancy and a master's degree in corporate governance from The Hong Kong Polytechnic University in October 2009 and August 2018 respectively. He is a Chartered Secretary and a Chartered Governance Professional and a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. Mr. Yuen is also a member of The Hong Kong Institute of Certified Public Accountants.



## Biographical Details of Directors

**Mr. LAU Yiu Kit (“Mr. Albert Lau”)**, aged 64, was appointed as independent non-executive Director on 1 December 2010. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Albert Lau is the sole proprietor and founder of Albert Y.K. Lau & Co., Certified Public Accountants. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales. Mr. Albert Lau was appointed on 23 March 2015 as independent non-executive director of Titan Petrochemicals Group Limited (which is listed on the main board of the Stock Exchange) and resigned from that position on 30 September 2015. He was also appointed as independent non-executive director of FDB Holdings Limited (Stock Code: 1826) from September 2015 to January 2018, which listing was transferred from the Growth Enterprise Market (now known as GEM) to the main board of the Stock Exchange in July 2017, and resigned from that position on 12 January 2018.

**Mr. MA Sai Yam (“Mr. Ma”)**, aged 60, was appointed as an independent non-executive Director on 13 February 2020. Mr. Ma is also as the chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee. Mr. Ma graduated from the University of London in the United Kingdom as an external student in August 1991 with a Bachelor’s science degree in Economics. Mr. Ma subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 1995 and a Master degree in laws from Renmin University of China in the PRC in January 2012. Mr. Ma is a practicing solicitor in Hong Kong and has accumulated over 20 years of experience in the legal field. Mr. Ma was admitted to practice law as a solicitor in Hong Kong in September 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma has been a partner and a practicing solicitor of Ma Tang & Co., since March 2002. Prior to his current position, Mr. Ma served as a consultant and a practicing solicitor of Tang, Lai & Leung from June 2000 to March 2002. From May 2015 to May 2022, Mr. Ma has been an independent non-executive director of Golden Power Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 3919) and transferred from GEM of the Stock Exchange (Stock Code: 8038) on 10 November 2017. Since October 2016, he has also been an independent non-executive director of Jiande International Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 865).

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the Shareholders as a whole. The Directors continuously observe the principles of good corporate governance in the interests of Shareholders and devote considerable effort to identifying and formalizing best practice.

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix C1 of the Listing Rules. The Company has complied with all the provisions in the CG Code during the year ended 31 March 2024.

## MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors’ securities transactions throughout the year ended 31 March 2024.

## BOARD OF DIRECTORS

### Composition

As at 31 March 2024, the Board comprised three executive Directors and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2024 and up to the date of this report are as follows:

## Executive Directors

Mr. Chen Long (*Chairman*) (appointed on 30 October 2023) (*Note 1*)

Mr. Tse Hoi Chau (*Chairman*) (Stepped down as Chairman on 30 October 2023)

Mr. Chen Shaojia (*Chief Executive*) (appointed on 29 November 2023) (*Note 2*)

Ms. Yu Zhonglian (resigned on 29 November 2023)

Mr. Tse Kin Lung (*Chief Executive*) (resigned on 29 November 2023)

## Independent Executive Directors

Mr. Yuen Wai Kin (appointed on 29 November 2023) (*Note 2*)

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

Mr. Lau Fai Lawrence (resigned on 29 November 2023)

*Notes:*

- (1) Mr. Chen Long obtained legal advice from the legal advisers of the Company as to Hong Kong law on 6 November 2023 and has confirmed that he understood his obligations as a Director.
- (2) Mr. Chen Shaojia and Mr. Yuen Wai Kin obtained legal advice from the legal advisers of the Company as to Hong Kong law on 13 December 2023 and has confirmed that they understood their obligations as Directors.

The biographical details of all current Directors are set out on pages 14 to 16 of this annual report. Save as disclosed in this annual report, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board.

## CHANGES IN DIRECTORS’ INFORMATION

Save as disclosed herein, as the date of this annual report, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Corporate Governance Report

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experiences and expertises to the Company.

## FUNCTIONS OF THE BOARD

The principal function of the Board is to consider and approve strategies, financial objectives, annual budget and investment proposals of the Group and to assume the responsibilities of corporate governance of the Group. The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

## BOARD MEETINGS AND BOARD PRACTICES

The Company adopted the practice of holding Board meetings regularly throughout the Year. The Board will also meet on other occasions when a board-level decision on a particular matter is required. The company secretary of the Company (the "Company Secretary") will assist the Chairman to prepare the agenda of the meeting and each Director may request to include any matters in the agenda. Generally, at least 14 days' notice would be given for regular Board meetings. The Directors will receive details of agenda items for decision at least 3 days before each Board meeting. The Company Secretary is responsible for distributing detailed documents to Directors prior to the meetings of the Board to ensure that the Directors are able to make informed decisions regarding the matters to be discussed in the meetings and receive accurate, timely and clear information. All Directors may access the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. All Directors will also be provided with sufficient resources to discharge their duties, and upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expense. The Company Secretary is also responsible for ensuring that the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings. All minutes of Board meetings were recorded in sufficient detail regarding the matters considered by the Board and decisions reached.

## Corporate Governance Report

The Board is also responsible for performing the following corporate governance duties:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

During the Year and up to date of this report, the corporate governance duties performed by the Board were mainly set out below:

- (1) reviewed the existing policies and practices on corporate governance;
- (2) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (3) reviewed the effectiveness of the internal control system;
- (4) reviewed compliance with the CG Code and disclosure in the Corporate Governance Report; and
- (5) reviewed and monitored the continuous professional development and training of the Directors.

Throughout the Year, seven Board meetings and one annual general meeting were held. Details of the attendance of Directors are as follows:

Name of the Directors	Number of Board meetings attended/held	Number of general meetings attended/held
<b>Executive Directors</b>		
Mr. Chen Long (appointed on 30 October 2023)	5/5	N/A
Mr. Chen Shaojia (appointed on 29 November 2023)	4/4	N/A
Mr. Tse Hoi Chau	5/7	1/1
Ms. Yu Zhonglian (resigned on 29 November 2023)	3/3	1/1
Mr. Tse Kin Lung (resigned on 29 November 2023)	3/3	1/1
<b>Independent Executive Directors</b>		
Mr. Yuen Wai Kin (appointed on 29 November 2023)	4/4	N/A
Mr. Lau Yiu Kit	7/7	1/1
Mr. Ma Sai Yam	5/7	1/1
Mr. Lau Fai Lawrence (resigned on 29 November 2023)	3/3	1/1

# Corporate Governance Report

Among the independent non-executive Directors, at least one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of its independent non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the Year. The Company, based on such confirmation, considers all independent non-executive Directors are independent during the Year.

## CHAIRMAN AND CHIEF EXECUTIVE

During the year ended 31 March 2024, the positions of the Chairman and the Chief Executive were held by separate individuals, with Mr. Tse Hoi Chau being the Chairman until Mr. Chen Long was appointed as the Chairman, with effect from 30 October 2023 and Mr. Tse Kin Lung being the Chief Executive until Mr. Chen Shaojia took over his position from 29 November 2023. The Chairman is responsible for ensuring that the Board is functioning properly with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Chief Executive is responsible for effective implementation of the overall strategies and initiatives adopted by the Board. With the support of the Chief Executive and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company, pursuant to which Mr. Yuen Wai Kin is appointed for an initial fixed term of one year and Mr. Lau Yiu Kit and Mr. Ma Sai Yam are appointed for an initial fixed term of three years and will continue thereafter until terminated by serving not less than three months' notice in writing to either party. Their

terms of appointment shall be subject to the rotational retirement provision of the Bye-laws.

## DELEGATION OF POWERS

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company to department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

## CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors received an induction on their appointments to ensure adequate understanding of the business and operations of the Group and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors are continually updated on developments in the relevant statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. All Directors are committed to comply with Code Provision A.6.5 of the CG Code on Directors' training and provided a record of training they received for the Year to the Company.

During the Year, the Company has provided regulatory updates and external courses for the Directors prepared by external professional institution to develop and refresh their knowledge and skills. The external courses which the Directors had participated was about Director's duties and corporate matters, internal control on the risk assessment and management and financial reporting and disclosure control. The programme is to ensure that their contribution to the Board remains informed and relevant.

# Corporate Governance Report

The individual training record of each Director received for the Year is summarised below:

Directors	Training organised by professional organizations	Updating on new rules and regulations
<b>Executive Directors</b>		
Mr. Chen Long (appointed on 30 October 2023)	√	√
Mr. Chen Shaojia (appointed on 29 November 2023)	√	√
Mr. Tse Hoi Chau	√	√
Ms. Yu Zhonglian (resigned on 29 November 2023)	√	√
Mr. Tse Kin Lung (resigned on 29 November 2023)	√	√
<b>Independent Executive Directors</b>		
Mr. Yuen Wai Kin (appointed on 29 November 2023)	√	√
Mr. Lau Yiu Kit	√	√
Mr. Ma Sai Yam	√	√
Mr. Lau Fai Lawrence (resigned on 29 November 2023)	√	√

## AUDIT COMMITTEE

### Composition

The Audit Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. The updated terms of reference of the Audit Committee were adopted on 27 November 2018. As at 31 March 2024, the Audit Committee comprised three members, all being independent non-executive Directors, namely Mr. Yuen Wai Kin (Chairman), Mr. Lau Yiu Kit and Mr. Ma Sai Yam. Mr. Yuen Wai Kin was appointed as the Chairman of Audit Committee with effect from 29 November 2023 in place of Mr. Lau Fai Lawrence.

The primary duties of the Audit Committee include, among other things, (i) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor whilst reviewing and monitoring their independence and objectivity and to approve the remuneration and term of engagement of the external auditor; (ii) reviewing the Company's financial statements, annual report and accounts and interim report and quarterly reports (if prepared) for publication and financial reporting judgments contained therein; (iii) overseeing the effectiveness of the audit financial reporting system, risk management and internal control systems of the Group; (iv) reviewing the confidential arrangements that employees of the Company may use to report and by way of facilitating the above-mentioned duties; and (v) considering and identifying risks of the Group and considering the effectiveness of the Group's decision making processes in crisis and emergency situation and approving major decision affecting the Group's risk profile and exposures.

During the Year, four Audit Committee meetings were held. Details of the members' attendance of the Audit Committee meetings are as follows:

Name of the Members	Members' Attendance
Mr. Yuen Wai Kin (appointed on 29 November 2023)	1/1
Mr. Lau Yiu Kit	4/4
Mr. Ma Sai Yam	4/4
Mr. Lau Fai Lawrence (resigned on 29 November 2023)	3/3

# Corporate Governance Report

During the Year, the Audit Committee has held meetings with the Company's auditor to discuss the auditing, risk management, internal control systems, the effectiveness of the internal audit function and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the Year and the interim financial report for the six months ended 30 September 2023, including the accounting principles and practice adopted by the Group.

## REMUNERATION COMMITTEE

### Composition

The Remuneration Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2024, the Remuneration Committee comprised four members, namely Mr. Ma Sai Yam (Chairman), Mr. Chen Long, Mr. Yuen Wai Kin and Mr. Lau Yiu Kit, the majority of which are independent non-executive Directors except for Mr. Chen Long, an executive Director. Mr. Chen Long and Mr. Yuen Wai Kin were appointed as the members of the committee with effect from 30 October 2023 and 29 November 2023 in place of Mr. Tse Hoi Chau and Mr. Lau Fai Lawrence respectively.

The role and function written in the terms of reference of the Remuneration Committee are no less exacting terms than the CG Code. The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also makes recommendation to the Board on the remuneration packages of individual executive Directors and senior management rewards which link to corporate and individual performance and with reference to the Board's corporate goals and objectives, as well as making recommendation on the remuneration of non-executive Directors, reviews and/or approves matters relating to share schemes under Chapter 17 of the Listing Rules. It is also responsible for ensuring no Directors or any of his/her associates can be involved in deciding his/her own remuneration and all provisions regarding the disclosure of remuneration including pensions as set out in the relevant provisions of the Listing Rules are fulfilled.

During the Year, one Remuneration Committee meeting was held and details of the members' attendance of the Remuneration Committee meeting(s) are as follows:

Name of the Members	Members' Attendance
Mr. Ma Sai Yam ( <i>Chairman</i> )	1/1
Mr. Chen Long (appointed on 30 October 2023)	N/A
Mr. Yuen Wai Kin (appointed on 29 November 2023)	N/A
Mr. Tse Hoi Chau (being member until Mr. Chen Long was appointed as a member of Remuneration Committee on 30 October 2023)	1/1
Mr. Lau Yiu Kit	1/1
Mr. Lau Fai Lawrence (resigned on 29 November 2023)	1/1

For the year ended 31 March 2024, the Remuneration Committee reviewed the remuneration packages of all Directors and senior management.

## Remuneration Policy for Directors and Senior Management

The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence.

The emoluments of the Directors are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance, experience, responsibility, workload and time devoted to the Company and comparable market statistics. Each of the executive Directors is entitled to a basic salary which is reviewed annually. In addition, each of the Directors may receive a discretionary bonus as the Board may recommend. Such amount has to be approved by the Remuneration Committee.

The senior management of the Company are the Directors. Details of their remuneration are set out in note 11 to the consolidated financial statements.

The Company has adopted the share option scheme on 23 April 2008 (the "2008 Share Option Scheme") and 26 August 2019 (the "2019 Share Option Scheme"). The purpose of the 2008 Share Option Scheme and 2019 Share Option Scheme are to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

## NOMINATION COMMITTEE

### Composition

The Nomination Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2024, the Nomination Committee comprised four members, namely Mr. Yuen Wai Kin (Chairman), Mr. Chen Long, Mr. Lau Yiu Kit and Mr. Ma Sai Yam, the majority of which are independent non-executive Directors except for Mr. Chen Long, an executive Director. Mr. Yuen Wai Kin was appointed as the chairman of the Nomination Committee with effect from 29 November 2023 in place of Mr. Lau Fai Lawrence, and Mr. Chen Long was appointed as the member of the Nomination Committee with effect from 30 October 2023 in place of Mr. Tse Hoi Chau.

The primary function of the Nomination Committee is to make recommendations to the Board on potential candidates to fill vacancies or additional appointment on the Board and senior management. All appointments of Directors were nominated by the Nomination Committee based on considerations including vacancy available, competence and experience, possession of requisite skills and qualifications, independence and integrity.

During the Year, one Nomination Committee meeting was held and details of the members' attendance of the Nomination Committee meeting(s) are as follows:

Name of the Members	Members' Attendance
Mr. Yuen Wai Kin (Chairman) (appointed on 29 November 2023)	N/A
Mr. Chen Long (appointed on 30 October 2023)	N/A
Mr. Lau Yiu Kit	1/1
Mr. Ma Sai Yam	1/1
Mr. Lau Fai Lawrence (resigned on 29 November 2023)	1/1
Mr. Tse Hoi Chau (resigned on 30 October 2023)	1/1



# Corporate Governance Report

During the Year, the Nomination Committee reviewed the composition, size, structure and diversity of the Board and assessed the independence of the independent non-executive Directors.

## Nomination Policy

The Board has adopted the nomination policy (the "Nomination Policy") on 27 November 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

- (1) identifying potential candidates, including recommendations from the Board members, professional search firms and the Shareholders;
- (2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;
- (3) reviewing the profiles of the shortlisted candidates and interview them; and
- (4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

## Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board and sees diversity at Board level as an essential element in achieving a sustainable and balanced development of the Company. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole in order for the Board to be effective. The selection process of the Board members will include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

## Mechanisms to Ensure Independent Views

The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the independent non-executive Directors annually, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.

## Corporate Governance Report

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his independence to the Company. The Company considers all its independent non-executive Directors to be independent.
3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions on the transactions with the controlling shareholders and/or its associates.
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The mechanisms to ensure independent views are reviewed by the Nomination Committee for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

In respect of the gender diversity of the Board, as at the date of the Annual Report, all Directors are male which consist of a single gender board for the time being. The Company is well-aware of the requirements under the new CG Code where diversity on the Board needs to be achieved and is more than willing to fulfill the requirements by appointing a director of a

different gender no later than 31 December 2024. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is expected that the ratio of female Directors will reach more than 10% in the following years. The Company will achieve this goal through active nomination of suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

The current gender ratio of the company workforce (including senior management) is 21 males and 23 females. Hence, the Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. Men's and women's different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labor and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitiveness in the future.

# Corporate Governance Report

## ACCOUNTABILITY AND AUDIT

### Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The reporting responsibility of the external auditor of the Company on the financial statements of the Company for the Year are set out in the Independent Auditor's Report.

### Auditor's Remuneration

During the Year, the remuneration paid or payable to the Company's auditor, in respect of its audit and non-audit services were as follows:

Type of Services	HK\$
Audit services	850,000
Non-audit services	30,000

*Notes:* The annual audit service is payable to CL Partners CPA Limited. The non-audit services include the agreed-upon procedures with respect to the preliminary announcement of the result of the Company, paid to BDO Limited.

## DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 27 November 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the Shareholders. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

## INVESTORS RELATIONS

### Constitutional Documents

The Board has proposed to make certain amendments to the existing amended and restated Bye-laws to conform to the core standards for shareholder protections (a uniform set of 14 core standards for shareholder protections set out in Appendix A1 to the Listing Rules) and to incorporate certain housekeeping amendments (collectively, the "Amendments").

In view of the Amendments, the Board proposed to adopt amended Bye-laws (the "New Constitutional Documents"). The New Constitutional Documents was adopted by the shareholders of the Company (the "Shareholders") at the annual general meeting of the Company held on 26 September 2023.

# Corporate Governance Report

For details, please refer to the announcement of the Company dated 27 June 2023 and the circular of the Company dated 26 July 2023. Save as disclosed herein, there was no significant changes in the Company's constitutional documents during the year ended 31 March 2024.

An up-to-date version of the constitutional documents are also available on the Company's website and the Stock Exchange website.

## SHAREHOLDERS' COMMUNICATION POLICY

### Purpose

The Company recognises the importance of providing current and relevant information to the Shareholders. This shareholders' communication policy (the "Policy") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

### General Policy

The Board shall maintain an on-going dialogue with Shareholders and will regularly review the Policy to ensure its effectiveness.

Information is communicated to the Shareholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and other corporate publications on the Stock Exchange website and corporate communications on the Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website (<http://www.artini.com.hk>).

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Unit No.8502, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or by email to [info@artini.com.hk](mailto:info@artini.com.hk) or through the Company's share registrar.

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the Stock Exchange website immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed the shareholders' communication policy conducted for the year ended 31 March 2024 and considered that the shareholders' communication policy has been well implemented and effective.

# Corporate Governance Report

## Shareholders' Right

The Company shall adhere to the amendments to the Listing Rules effective from 1 January 2009 such that all votes of the Shareholders at general meetings will be taken by poll. The results of voting by poll will be declared at the meeting and published on the websites of the Stock Exchange and the Company respectively.

The rights of the Shareholders are set out in the Bye-laws of the Company.

The Shareholders may put forward their proposals or enquiries to the Board by sending their written request to the Company's principal place of business in Hong Kong.

Pursuant to Bye-law 58 of the Bye-laws, Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's principal place of business in Hong Kong at Unit No.8502, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at a general meeting; or (b) are not less than one hundred Shareholders. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's principal place of business in Hong Kong at Unit No.8502, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The written requisition must be signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. A sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all Shareholders in accordance with the requirements under the applicable laws and rules should also be accompanied.

## COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, Ms. Ho Wing Yan (“Ms. Ho”), who was appointed as the Company Secretary until Mr. Wong Yun Fai (“Mr. Wong”) was appointed as Company Secretary with effect from 1 December 2023.

Being the Company Secretary, Mr. Wong play an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed. Mr. Wong is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors. During the Year, Mr. Wong has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for the Company’s risk management and internal control systems and for reviewing its effectiveness on an ongoing basis. The Group’s internal audit department and senior management conduct reviews of the effectiveness of the risk management and internal control systems of the Group. The Audit Committee reviews the findings and recommendations of the internal audit department and the senior management in their meetings held at least twice a year and reports to the Board on such review.

The risk management and internal control systems are designed to manage, rather than eliminate business risk; to help safeguard the Group’s assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations.

The Company has prepared an internal control report, covering all material controls, including financial and operation for the Year. The said internal control report compiled by the Company has been brought to the attention of the Board and the Audit Committee. The Board, having reviewed the effectiveness of the risk management and internal control systems and the systems are considered to be effective and adequate.

The Company has established the internal control department to provide day-to-day management of the compliance and control of the Group and report to the Board on control and compliance matters. The internal control department is headed by the internal control manager, and reports directly to the Board. The primary responsibilities of the internal control department include reviewing the internal control system and monitoring the compliance of the daily operating activities within the Group. In addition, it also carries out assessment in relation to the establishment of new company or entity and new products of the Group.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements and circulars, in accordance with the Listing Rules.

# Report of the Directors

## PRINCIPAL PLACE OF BUSINESS

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong and its principal place of business is Unit No.8502, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the principal subsidiaries of the Company are set out in note 34 to the consolidated financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the Year are set out in note 34 to the consolidated financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 75.5% (2023: approximately 82.8%) of the total sales for the Year. Purchases from the Group's five largest suppliers accounted for approximately 70.8% (2023: approximately 92.7%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 22.7% (2023: approximately 23.6%) of the total sales and the Group's largest supplier accounted for approximately 21.5% (2023: approximately 40.4%) of the total purchases for the Year.

At no time during the Year have the Directors, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

## BUSINESS REVIEW

The business review of the Group for the Year is set out in the section of "Chairman's Statement", "Five-Year Financial Highlights", "Management Discussion and Analysis" and "Environmental, Social and Governance Report" of this annual report.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 65.

## RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out on page 67 and the note 32 to the consolidated financial statements respectively.

## CHARITABLE DONATIONS

The Group did not make charitable donation during the Year (2023: Nil).

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the Year are set out in note 15 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 28 to the consolidated financial statements.

### DIRECTORS

The Directors during the Year and up to the date of this report are:

#### Executive Directors

Mr. Chen Long (*Chairman*)

*(appointed on 30 October 2023)*

Mr. Chen Shaojia (*Chief Executive*)

*(appointed on 29 November 2023)*

Mr. Tse Hoi Chau

*(stepped down as Chairman on 30 October 2023)*

Ms. Yu Zhonglian

*(resigned on 29 November 2023)*

Mr. Tse Kin Lung

*(resigned on 29 November 2023)*

#### Independent Executive Directors

Mr. Yuen Wai Kin

*(appointed on 29 November 2023)*

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

Mr. Lau Fai Lawrence

*(resigned on 29 November 2023)*

Pursuant to Bye-law 86(2), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board and that any Director so appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting. Accordingly, Mr. Chen Long, Mr. Chen Shaojia and Mr. Yuen Wai Kin, being the Directors appointed by the Board after the preceding annual general meeting of the Company, will hold office only until the forthcoming annual general meeting in accordance with Bye-law 86(2) and, being eligible, offer themselves for re-election.

Pursuant to Bye-law 87 at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall be determined by lot, unless they otherwise agree between themselves. The retiring Directors shall be eligible for re-election. Accordingly, Mr. Tse Hoi Chau and Mr. Lau Yiu Kit will retire and, being eligible, offer themselves for re-election at the annual general meeting.

None of the Directors proposed for re-election at the annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.



## Report of the Directors

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the 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 provision of the SFO) or which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

#### Long positions in shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares/ underlying Shares held	Approximate percentage of the issued Shares as at 31 March 2024
Chen Long	Interest of a controlled corporation	708,591,525 <i>(Note)</i>	64.19%

*Note:* Mr. Chen Long and Ms. Lin Chenjie (wife of Mr. Chen Long) ultimately own 70% and 29% shareholding of Rapid Development Limited respectively, which held 708,591,525 Shares or approximately 64.19% of the issued share capital of the Company as at 31 March 2024, and is deemed to be interested in these shares.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register of interests required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed herein, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2024, to the best knowledge of the Directors, the following person (other than a Director and chief executives of the Company) who had

interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in shares of the Company

Name of shareholders	Capacity	Number of issued ordinary shares/ underlying Shares held	Approximate percentage of the issued Shares as at 31 March 2024
Rapid Development Limited ( <i>Note 1</i> )	Beneficial owner	708,591,525	64.19%
Rapid Investment Development (Shenzhen) Limited* (迅發投資發展(深圳)有限公司) ("Rapid Investment Development") ( <i>Note 1</i> )	Interest of a controlled corporation	708,591,525	64.19%
Fuxing Investment Development (Shenzhen) Co., Ltd.* (賦興投資發展(深圳)有限公司) ("Fuxing Investment Development") ( <i>Note 1</i> )	Interest of a controlled corporation	708,591,525	64.19%
Lin Chenjie ( <i>Note 2</i> )	Interest of spouse	708,591,525	64.19%

#### Notes:

- Rapid Development Limited is wholly owned by Rapid Investment Development, which is in turn wholly owned by Fuxing Investment Development. As such, each of Rapid Investment Development and Fuxing Investment Development is deemed to be interested in the Shares owned by Rapid Development Limited.
- Fuxing Investment Development is owned as to 70% by Mr. Chen Long, 29% by Ms. Lin Chenjie (wife of Mr. Chen Long) and 1% by Mr. Chen Naien (brother of Mr. Chen Long). As such, Mr. Chen Long is deemed to be interested in the Shares in which Fuxing Investment Development is interested in. Ms. Lin Chenjie is the spouse of Mr. Chen Long and is deemed to be interested in the Shares in which Mr. Chen Long is interested in.

Save as disclosed above, as at 31 March 2024, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to

be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

\* for identification purpose only

# Report of the Directors

## EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into during the Year or subsisting at the end of the Year are set out below:

## 2008 SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme and the 2008 Share Option Scheme on 23 April 2008. The Pre-IPO Share Option Scheme is no longer in effect and all grants under that scheme have either been exercised or have lapsed. The purpose of the 2008 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing value of the Company and the shares for the benefit of the Company and the Shareholders as a whole.

Participants under the 2008 Share Option Scheme included Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any member of the Group.

The principal terms of the 2008 Share Option Scheme are summarised as follows:

The 2008 Share Option Scheme was adopted for a period of 10 years commencing from 23 April 2008 and remained in force until 22 April 2018. The Company may, by ordinary resolution in general meeting or, such date as the Board shall determine, terminate the 2008 Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

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

- (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;
- (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the shares.

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant. The exercise period of any option granted under the 2008 Share Option Scheme must not be more than ten years commencing on the date of grant.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2008 Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares of the Company in issue on the date on which the Company's shares were first listed on the Stock Exchange ("Listing Date") (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval. At the Company's annual general meeting held on 28 September 2017, the Scheme Mandate Limit was renewed. Options lapsed in accordance with the terms of the 2008 Share Option Scheme or any other schemes of the Company will not be counted for the purpose of calculating the 10% limit.

The maximum number of shares issued and to be issued upon exercise of the options granted to each grantee under the 2008 Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of this limit shall be subject to approval.

The 2008 Share Option Scheme has become expiry on 22 April 2018. Share options granted prior to such expiration shall continue to be valid and exercisable in accordance with the provisions of the 2008 Share Option Scheme. As at the date of this report, there are no outstanding share options and no further securities shall be available for issue under the 2008 Share Option Scheme.

There are no options granted, exercised, cancelled and lapsed for the year ended 31 March 2024 under the 2008 Share Option Scheme.

As at 1 April 2023 and 31 March 2024, there no option available for grant under the share option scheme mandate; and the number of shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 March 2024 is 0, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the year ended 31 March 2024 under the 2008 Share Option Scheme.

### 2019 SHARE OPTION SCHEME

The Company adopted a new share option scheme on 26 August 2019 (the "2019 Share Option Scheme"). The purpose of the 2019 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing value of the Company and its shares for the benefits of the Company and the Shareholders as a whole.

The participants under the 2019 Share Option Scheme are as follows:

- (1) directors and employee of the Company and any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) (employee participants);
- (2) directors and employee of the holding companies, fellow subsidiaries or associated companies of the Company (related entity participants); and
- (3) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long growth of the Group (service providers).

The principal terms of the 2019 Share Option Scheme are summarized as follows:

The subscription price for Shares under the 2019 Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of:

- (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day;
- (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and
- (iii) the nominal value of the Shares.

## Report of the Directors

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. The vesting period for options shall not be less than 12 months. And the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

The initial total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2019 Share Option Scheme and any other share option scheme of the Group) to be granted under the 2019 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the day on which the 2019 Share Option Scheme is approved (the “General Scheme Limit”). As at the date of this report, there are no outstanding share options and 196,812 shares are available for issue under the 2019 Share Option Scheme.

Saved as disclosed herein, there are no options granted, exercised, cancelled and lapsed for the year ended 31 March 2024 under the 2019 Share Option Scheme.

As at 1 April 2023 and 31 March 2024, there is 196,812 option available for grant under the share option scheme mandate; and the number of shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 March 2024 is 0, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the year ended 31 March 2023 under the 2019 Share Option Scheme.

The total number of Shares issued and which may fall to be allotted and issued upon exercise of the options granted under the 2019 Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued Shares for the time being (the “Individual Limit”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his/her associates abstaining from voting.

The vesting period for options shall not be less than 12 months.

The 2019 Share Option Scheme shall be valid and effective for a period of ten years commencing from its date of adoption on 26 August 2019 and expiring on 26 August 2029. The remaining life of the Share Option Scheme is 6 years.

## Report of the Directors

Details of shares options movements during the Year under the 2019 Share Option Scheme are as follows:

Name of the grantees	Date of grant	Number of share options					Outstanding as at 31 March 2024	Validity period of the share options	Adjusted exercise price (HK\$) <i>(Note 1)</i>
		Outstanding as at 1 April 2023	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period			
<b>Directors</b>									
Mr. Tse Hoi Chau	15 July 2020	11,000,000	-	-	11,000,000	-	-	15 July 2020 – 14 July 2023	0.197
Ms. Yu Zhonglian (resigned on 29 November 2023)	15 July 2020	11,000,000	-	-	11,000,000	-	-	15 July 2020 – 14 July 2023	0.197
Mr. Tse Kin Lung (resigned on 29 November 2023)	15 July 2020	11,000,000	-	-	11,000,000	-	-	15 July 2020 – 14 July 2023	0.197
<b>Other Participants</b>									
Employees	15 July 2020	6,200,000	-	-	6,200,000	-	-	15 July 2020 – 14 July 2023	0.197
Consultants	15 July 2020	71,000,000	-	-	71,000,000	-	-	15 July 2020 – 14 July 2023	0.197 <i>(Note 2)</i>
		110,200,000	-	-	110,200,000	-	-		

### Notes:

- Upon acceptance of the share options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees.
- These 71,000,000 share options are held by ten consultants of the Company (the “Consultants”) respectively. The backgrounds of the Consultants are as follows:

#### Consultants A, B and C

As at the date of this report, each of Consultant A, Consultant B and Consultant C is holding 11,000,000 share options, 6,000,000 share options and 3,000,000 share options respectively. Each of Consultant A, Consultant B and Consultant C is an independent third party and a new product design consultant to the Group. Consultants A and B are experienced designers with their own designer brand, while Consultant C is a fashion designer focusing on fashion apparels and accessories designer brands. The design teams of Consultants A, B and C have been advising the Group on the design and development of its new product.

#### Consultant D

As at the date of this report, Consultant D is holding 11,000,000 share options. Consultant D is an independent third party and a new product design consultant to the Group. Consultant D has extensive experience in the processing of fashion accessories, from the selection of raw materials to the design and finishing of fashion accessories. The accessories manufacturing team of Consultant D has been providing assistance in controlling the product structure and style for the launch of new brands of the Group.

# Report of the Directors

## **Consultant E**

As at the date of this report, Consultant E is holding 11,000,000 share options. Consultant E is an independent third party and a new retail promotion consultant to the Group. Consultant E owns accessories brands and companies and has extensive experience in the accessories industry and its business model. Consultant E possesses cooperative resources of different sales platform and has been assisting the Group on the implementation of marketing promotion and management.

## **Consultant F**

As at the date of this report, Consultant F is holding 11,000,000 share options. Consultant F is an independent third party and a production design consultant to the Group. Consultant F owns a jewellery processing factory and has extensive experience in the industry. The strong rehashing ability and productivity of the jewellery processing factory has been providing assistance in controlling the quality of the production design of the new products of the Group.

## **Consultant G**

As at the date of this report, Consultant G is holding 11,000,000 share options. Consultant G is an independent third party and a brand sales consultant to the Group. Consultant G possesses unique marketing concepts for brand promotion and product sales and is good at the commercial operation of brand product positioning, product structure layout and product marketing integration, which Consultant G has been advising the Group in market development and resources integration plan.

## **Consultant H**

As at the date of this report, Consultant H is holding 3,000,000 share options. Consultant H is an independent third party and a brand promotion consultant to the Group. Consultant H possesses extensive and professional experience in promotion of e-commerce platform and ability in marketing planning, focusing on the promotion of fashion brands. Consultant H has been providing assistance in marketing channel promotion for the brands of the Group, collaboration with KOLs for livestreaming and strategic planning and marketing strategies for the development of the brands of the Group in the PRC market.

## **Consultant I**

As at the date of this report, Consultant I is holding 3,000,000 share options. Consultant I is an independent third party and a planning consultant to the Group. Consultant I possesses extensive experience in the retail industry and professional skills. The resources of various well-known KOLs and bloggers held by Consultant I has enabled the Group to extend its retail business in the PRC market.

## **Consultant J**

As at the date of this report, Consultant J is holding 1,000,000 share options. Consultant J is an independent third party and a merchandising data analysis consultant to the Group. Consultant J is a data analyst focusing on e-commerce merchandising and good at enhancing businesses through data analyse. Consultant J has been providing advice to the Group on the data analyst of its e-commerce merchandising business.

As the Consultants have contributed/will contribute to the development and growth of the Group, the Board believes that granting these share options to the Consultants was align with the objective of the 2019 Share Option Scheme.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

### INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such indemnity provisions for the benefit of the Directors is currently in force and was in force throughout the Year.

### FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 6 of this annual report.

### MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries (not being a contract of service with any Director of the Company or any person engaged in the full-time employment of the Company) was entered into or existed during the Year.

### RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for those Hong Kong employees who are eligible to participate in the MPF Scheme, which contributions are made based on a percentage of the employees' basic salaries and the employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Central Pension Scheme", together with the MPF Scheme, the "Defined Contribution Schemes") operated by the local municipal government, which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 March 2023 and 31 March 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 March 2023 and 31 March 2024.

For each of the two years ended 31 March 2023 and 31 March 2024, the Group did not have any defined benefit plan.

Particulars of employee retirement benefit schemes of the Group are set out in note 29 to the consolidated financial statements.



# Report of the Directors

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated.

## DISTRIBUTABLE RESERVES

The Company does not have any distributable reserve in accordance with the provisions of the Bermuda Companies Act 1981 as at 31 March 2024 (2023: Nil).

Details of the distributable reserve are set out in note 32 to the consolidated financial statements.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Year.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors and their respective associates, as defined in the Listing Rules are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this report.

## AUDITOR

On 4 March 2024, BDO Limited resigned as auditor of the Company and CL Partners CPA Limited was appointed as the auditor of the Company to fill the casual vacancy and to hold office until the conclusion of the next annual general meeting of the Company.

A resolution for the re-appointment of CL Partners CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

The consolidated financial statement of the Company for the year ended 31 March 2024 was audited by CL Partners CPA Limited. The consolidated financial statements of the Company for the previous two years ended 31 March 2023 and 2022 were audited by BDO Limited.

By order of the Board

**CHEN LONG**  
Chairman and Executive Director

Hong Kong, 26 June 2024

# Environmental, Social and Governance Report

## ABOUT THE REPORT

### Overview

This report published by Artini Holdings Limited (the “Company”) is our annual Environmental, Social and Governance Report (the “Report” or “ESG Report”) for the year ended 31 March 2024 (the “Year”) in relation to the Company and its subsidiaries (collectively, the “Group”, “We” or “us”), which provides an overview of the Group’s approach, policy and performance on sustainable development.

### About Artini

The Group are principally engaged in the sale of a wide selection of fashion accessory products mainly through the Group’s self-operated online platform and third-party online sales platforms (the “Integrated Fashion Accessories Platform Business”). During the year, the Group extended its business to engage in sale of skincare and health products through self-operated online platform (the “Skincare and Health Product Sales Platform Business”)

The Integrated Fashion Accessories Platform Business combines online and offline sales channels, capable of reaching out to the widest range of customers. The online sales channel, being the major sales channel of the revitalised fashion accessories business, is a highly vertical global B2B e-commerce platform which focuses on fashion accessories industry.

In the past, the Group has successfully built up its popularity and solid online sales performance of fashion accessories products through its internal online platform and third-party retail network. With the huge potential of the general health and wellness business in the post epidemic era, the Group has expanded its skincare and health product sales platform business during the Year.

The Group continues to increase and maintain the collaboration with customers, to attract new and old customers to procure on the both Integrated Fashion Accessories Platform and Skincare and Health Product Sales Platform by providing quality services, stable high standard products. We aim to achieve a synergy by cross-platform traffic between those platforms.

The Group has also maintained the traditional wholesale trading, through online and offline channels to serve the wholesale trading customers in the PRC and overseas.

### The Group’s ESG governance structure

The Group adopts a top-down approach in managing its ESG issues. The Board oversees and sets out the ESG strategy for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanisms. To systematically manage ESG issues, the designated personnel collaborates with different departments to manage the Group’s ESG matters and collect relevant ESG information to prepare the ESG Report. Through the personnel’s periodic reporting to the management and the Board, the Board identifies and assesses the Group’s ESG risks and reviews the Group’s ESG performance against the Group’s ESG-related goals and targets, including but not limited to environmental, labour practices and other aspects of ESG.

# Environmental, Social and Governance Report

## Reporting period and scope

The reporting period of this Report covers the period from 1 April 2023 to 31 March 2024 (the “Reporting Period”). Unless otherwise stated, the reporting scope covers fashion accessories business and skincare and health products business in the PRC and Hong Kong.

## Reporting basis

For the preparation of the Report, we compiled the Report pursuant to the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Certain key performance indicators (“KPIs”) which is considered as material by the Group are disclosed in the Report during the Reporting Period. The Group will continue to optimise and improve the disclosure of KPIs. For details of the Group’s corporate governance, please refer to the section headed “Corporate Governance Report” on pages 17 to 29 of the Group’s annual report.

## Application of the reporting principles

This ESG Report has also been prepared based on the reporting principles of materiality, quantitative, balance and consistency in the ESG Guide.

**Materiality:** The Group determines the impact of ESG-related issues on internal and external stakeholders through the materiality issue assessment process to conduct key responses and disclosures on material issues.

**Quantitative:** The Group accounts for and discloses in quantitative terms the ESG KPIs specified in the ESG Guide and discloses in this ESG Report the calculation methods and conversion factors used.

**Balance:** This ESG Report aims to disclose data objectively and provides stakeholders with a balanced overview of the Group’s overall ESG performances.

**Consistency:** This ESG Report uses consistent methodologies as the previous ESG reports to allow meaningful comparisons of ESG data for the Reporting Period with historical and future data. Any adjustments in the methodologies are explained in this ESG Report.

## Endorsement and approval

This ESG Report has been reviewed and approved by the Board.

## Your Feedback

We believe that, sincerely listening to and understanding the comments and needs of all stakeholders is critical to the continual growth of our business. For any feedback and advice regarding the Report and our performance on sustainable development, please email to [info@artini.com.hk](mailto:info@artini.com.hk).

## SUSTAINABLE DEVELOPMENT VISION AND STAKEHOLDER ENGAGEMENT

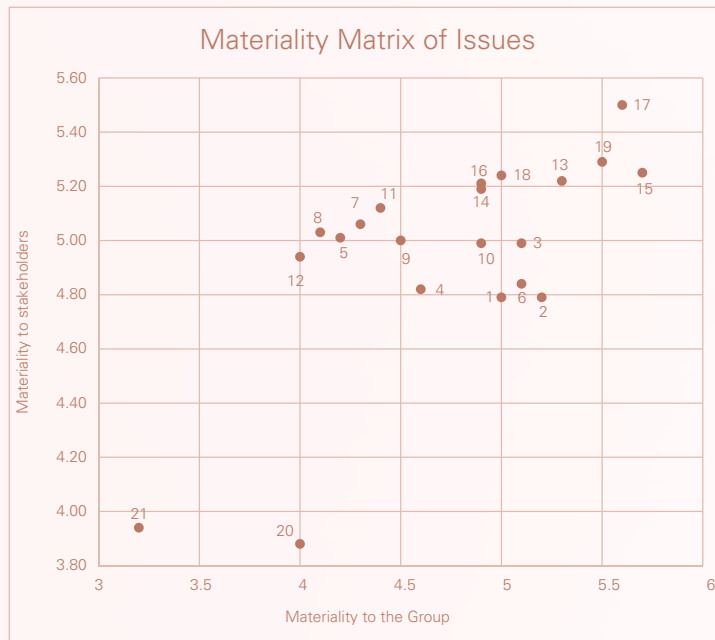
We truly understand that, our responsibility is not only limited to providing customers with quality services, we will also take responsibility over the extended impacts of our business operations, to both social and environmental aspects of local communities. We are committed to creating long-term value for stakeholders and the whole community so as to promote the sustainable development of the Group and the environment and society. Therefore, we integrate environmental and social considerations such as environmental protection, employee rights, occupational health and safety, product responsibility and anti-corruption into our daily operations and decision-making processes, and formulate relevant policies and measures to implement sustainable development through practical actions.

# Environmental, Social and Governance Report

We consider our staff, Shareholders, investors, customers, suppliers, business partners, government bodies and the community as key stakeholders of the Group. We believe that, comments from stakeholders from different perspectives provide a solid foundation for formulating sustainable development strategies of the Group. In order to collect the valuable opinions of our stakeholders, we establish and maintain mutual trust and respect with our stakeholders through diverse and continuous official and unofficial communication channels. This includes daily meetings, shareholder meetings, company website, site visits and emails.

These channels allow our stakeholders to express their comments on the Group's sustainable development performance and future strategies, enabling us to formulate more appropriate business strategies to respond to their needs and expectations.

In addition to daily communication, we have conducted stakeholder opinion surveys during recent years in the form of a questionnaire to collect stakeholder feedback, to support the identification of key environmental, social and governance topics that are material to the Group and its stakeholders. The following is the results of the analysis of the stakeholder opinion survey:



## ISSUE NO.

Quality of Working Environment	Environmental Protection and Green Operations	Operating Practices
1. Diversity and Equal Opportunity	7. Greenhouse Gas Emissions	13. Supplier Management
2. Employment Relationships	8. Air Emissions	14. Supplier Environmental and Social Performance Assessments
3. Occupational Safety and Health	9. Saving electricity and water	15. Integrity
4. Training and Development	10. Use of Resources	16. Disaster Emergency Plan
5. Child Labour and Forced Labour Prevention	11. Wastes Handling	
6. Staff Benefits	12. Green Procurement	
Business Operations	Community Contribution	
17. Quality of Services	20. Participating in Voluntary Activities	
18. Complaint Handling	21. Charitable Donations	
19. Privacy Protection		

# Environmental, Social and Governance Report

## Board Direction on ESG Topics

To provide clear guidance to our employees on the proper management approach of ESG-related topics, the Group has developed a set of ESG Policy outlining the principles followed by the Group to operate in a manner that provides a positive contribution to the environment and the community that it operates in. The policy is applicable all of the Group's employees, including directors, officers and employees of the Company, and external stakeholders such as subcontractors are also encouraged to follow the policy to demonstrate industry best practices.

The Group's ESG policy also details the key responsibilities of the Group with respect to environmental and social issues, along with commitments for addressing the needs of the Group's key stakeholders, such as external stakeholders, employees, and the local community.

The ESG Policy is adopted as the framework for the Group's ongoing review of its ESG performance. This includes reviewing our performance using KPIs and performing stakeholder engagement programmes to collect feedback on priority areas for improving Group's ESG performance.

The Group's management views ESG performance as essential to the Group's sustainable success and holds regular ESG evaluation meetings to discuss latest developments in ESG, stakeholder expectations and the Group's ESG performance. This provides our management team with up-to-date ESG knowledge and maintaining awareness on emerging market trends. In addition, this provides us with the opportunity to proactively manage ESG risks which may have an impact to the Group's business operations. We utilize scenario planning to gain an understanding of key ESG risk factors, from which results are incorporated into the Group's risk management process for strategic planning. In addition to management of ESG risks, the Group also actively seeks opportunities to integrate sustainability into our business operations.

# Environmental, Social and Governance Report

## ENVIRONMENTAL

The Group is principally engaged in fashion accessories online platform distribution businesses. The main resources used by the Group include purchased electricity and domestic water supply. Considering the Group's business nature, we have no significant impact on the environment. However, we are still highly concerned about the negative impacts from climate change and other environmental impacts in general. Therefore, we are striving to reduce emissions and reduce resource consumption, reduce our environmental pollution and achieve environmental sustainability by improving operational efficiency and adopting various environmental protection measures.

We are committed to complying with laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste. During the Reporting Period, the Group has not noticed

any complaints or cases involving serious violations of relevant environmental protection laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Air Pollution Control Ordinance of Hong Kong.

## Emissions and Use of Resources

### Environmental Targets

To better manage the Group's material topics and its performance on those aspects, the Group has set some directional targets for the financial year ended 31 March 2026 ("2026"), which would be a three-year target plan.

The table below summarises the Group's sustainability targets for 2026. The Group will continue to review the progress of the set targets every reporting period prior to 2026, and will continue to work for the targets set.

Environmental Targets Setting		Status
Emissions	<ul style="list-style-type: none"><li>Reduce GHG emissions intensities by 2% in 2026 compared to the financial year ended 31 March 2023</li></ul>	In progress
Waste Management	<ul style="list-style-type: none"><li>Reduce waste intensity by 2% in 2026 compared to the financial year ended 31 March 2023</li></ul>	In progress
Energy Consumption	<ul style="list-style-type: none"><li>Reduce electricity and gasoline intensities by 2% in 2026 compared to the financial year ended 31 March 2023</li></ul>	In progress
Water Consumption	<ul style="list-style-type: none"><li>Reduce water consumption intensity by 2% in 2026 compared to the financial year ended 31 March 2023</li></ul>	In progress

## Green Operations

Our emissions are mainly derived from the daily operations of our offices, including greenhouse gas emissions from purchased electricity, such as lighting, office equipment and other miscellaneous items, as well as general office waste. In addition to complying with relevant environmental protection laws and regulations, we also actively promote green operations and implement various environmental

protection measures in our offices to enhance staff's environmental protection awareness. The main environmental protection measures we have implemented in our offices include:

- Turn off unnecessary lighting and energy consumption equipment
- Clean air filter of air-conditioners regularly to improve cooling efficiency of air-conditioner

## Environmental, Social and Governance Report

- Try to replace electric light with natural light
- Devices such as computers and photocopiers with power-saving function equipped so that they will enter sleep mode when being idled for more than 15 minutes
- Encourage planting potted plants to create a green working environment
- Reuse packaging bags and use waste packaging boxes to store office supplies

During the Reporting Period, as paper is also the main source of resource consumption, we have also taken the following measures to reduce paper usage:

- Replace letter or fax by email
- Print internal documents in black and white on both sides to save paper and printing ink
- Use of electronic filing and documentation system for electronic communications

### Key Environmental Data

	2024	2023	Units
<b>Greenhouse Gas Emissions</b>			
Total Greenhouse Gas Emissions	<b>17.03</b>	44.10	tonnes CO <sub>2</sub> e
Direct Emissions (Scope 1)	<b>2.58</b>	–	tonnes CO <sub>2</sub> e
Indirect Emissions (Scope 2)	<b>13.62</b>	44.10	tonnes CO <sub>2</sub> e
Other Indirect Emissions (Scope 3)	<b>0.82</b>	–	tonnes CO <sub>2</sub> e
Greenhouse Gas Emissions Intensity	<b>0.24</b>	0.69	kilograms CO <sub>2</sub> e/1000 HKD revenue
<b>Air Emissions</b>			
Nitrogen Oxides (NO <sub>x</sub> ) Emissions	<b>0.75</b>	–	kilograms
Sulphur Oxides (SO <sub>x</sub> ) Emissions	<b>0.01</b>	–	kilograms
Particulate Matter (PM) Emissions	<b>0.06</b>	–	kilograms
<b>Non-Hazardous Waste</b>			
Non-hazardous Waste	<b>0.50</b>	0.73	tonnes
Non-hazardous Waste Intensity	<b>0.007</b>	0.011	kilograms/1000 HKD revenue
<b>Energy Consumption</b>			
Total Energy Consumption	<b>118</b>	191	gigajoules
Purchased Electricity	<b>23,663</b>	53,209	kilowatt-hours
Energy Consumption Intensity	<b>1.66</b>	3.00	megajoules/1000 HKD revenue
<b>Water Consumption</b>			
Total Water Consumption	<b>273.00</b>	633.97	cubic metres
Water Consumption Intensity	<b>3.84</b>	9.95	litres/1000 HKD revenue
<b>Packaging Materials</b>			
Packaging Materials Consumed	<b>61.30</b>	67.01	tonnes

# Environmental, Social and Governance Report

## Use of Water

Water is another important natural resource. Regarding water consumption for the Hong Kong offices, the water supplies are solely controlled and centrally managed by their respective property management companies. Hence, it is not feasible for the Group to provide all relevant water consumption data as there is no sub-meter for individual office unit to record water usage. However, the Group actively seeks ways to mitigate water consumption by raising employees' awareness of water saving through green office policy such as reminding employees to turn faucet off tightly, conducting regular inspection and maintenance of water facilities, and posting notices in pantries, washrooms and other communication channels. The decrease in water consumption in the Reporting Period was mainly attributable to the effective implementation of water saving policy during the year.

## Waste management

Due to the business nature of the Group, there are limited wastes generated at our offices and retail premises. In managing the non-hazardous wastes, we follow the "3R" principle of reduce, reuse and recycle to minimise waste generation and disposal.

## General waste

General waste produced by the Group includes paper, domestic wastes and construction wastes from store renovations. To reduce the use of paper and waste generated, we have taken and will continue to take various measures to reduce the consumption of paper and other office supplies as below:

- Advocating the idea of 'paperless' office and encouraging our staff to use electronic communications when feasible;
- Encouraging duplex printing and the reuse of single-sided paper as draft paper;
- Monitoring the consumption of office supplies for possible wastage and encouraging reuse; and
- Providing recycling boxes for collecting paper wastes and other recyclables.

## Hazardous waste

Given the business nature of the Group, we do not generate any material quantities of hazardous waste.

## Packaging Materials

The Group consumes packaging materials as part of its retail business, including the paper boxes, plastics and cloths. We are committed to reducing the use of packaging materials.

## Climate change

Climate change is one of the biggest emerging risks for all organisations. It can impact companies in the form of physical risks ranging from acute weather events such as flooding and storms, to chronic physical risks arising from the rising temperature and sea levels. It will also lead to transition risks arising from the change in environmental-related regulations or change in customer preferences.

To mitigate the possible impact of climate change on the Group, precautionary measures such as contingency plans at our property operations and flexible working arrangement at our offices have been adopted in response to the possible extreme weather scenarios of typhoon and flooding. To reduce emissions and energy consumption, the Group has implemented various environmental protection measures. Please refer to sections "Emissions" and "Use of water" for further detail.

While we do not expect physical risks related to climate change to have a significant impact on our businesses, we are aware that our business operations may potentially be impacted by transition risks, such as policy and regulatory risks. We will keep a close eye to monitor any climate-related risks and implement relevant measures to minimise the potential impact of climate change and the transition towards a low carbon society.

## Regulatory compliance

During the Reporting Period, we were not aware of any material non-compliance with laws and regulations relating to environmental emissions.



# Environmental, Social and Governance Report

## SOCIAL

### People-oriented

We have always regarded our staff as our most valuable asset and also the key to the Group's continual growth and success. The Group provides our staff with various career development and training opportunities to facilitate continuous growth and career development. Also, the Group provides our staff with competitive remuneration and benefits, and implements various measures to safeguard their occupational health and safety, in order to build a harmonious working environment.

During the Reporting Period, the Group was not aware of any serious violations of employment-related laws and regulations, including but not limited to the Employment Ordinance, the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》).

### Employment and labour practices

#### Employment Standards

The Group is well aware that the employment of child labour or forced labour is absolutely unacceptable, and it is the Group's responsibility to proactively oppose child labour and forced labour. The Group respects individual human rights and strictly complies with relevant local laws and regulations regarding child and forced labour. We prohibit the employment of child and forced labour in all operations and have set clear policies on our employment process to prevent any abuse.

During recruitment, the age of the applicants is verified with identification documents to ensure that no underage labour is employed. All our employees are protected by employment contracts with terms

of jobs clearly stated and shall not be subject to forced labour. We uphold employees' freedom to express their opinions and have in place a formal complaint procedure to facilitate any escalation to the management of our employees.

In our daily business, we also do not tolerate any form of intimidation or physical abuse. In case any child labour and forced labour is discovered, we will take immediate action to protect the victims and notify relevant social welfare agencies to ensure that they will receive appropriate assistance. During the Reporting Period, the Group has not noticed any serious violations of laws and regulations relating to child labour and forced labour, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

#### Talent-Oriented Employment

The Group recruits' talents on the basis of open recruitment, equal competition, merit-based recruitment and internal first then external, while external recruitments are conducted through various channels, including internet, talent market, schools, newspapers and headhunting companies. As an equal opportunity employer, we have always adhered to the concept of fair, open and diversified employment. Only candidates' qualifications and working abilities will be considered during the recruitment process, regardless of their age, gender, race, colour, sexual orientation, disability or marital status to ensure that they are not discriminated against or treated unfairly. In addition, the Group has a clear promotion ladder, and staff will be evaluated annually, providing them with feedback towards their work performance and career development. The result of the evaluation will provide a basis for our staff's remuneration and position adjustment. We also provide different training and learning opportunities for our staff, and offer them to participate in training courses and seminars organised by external organisations to add value, make progress and grow together with us.

# Environmental, Social and Governance Report

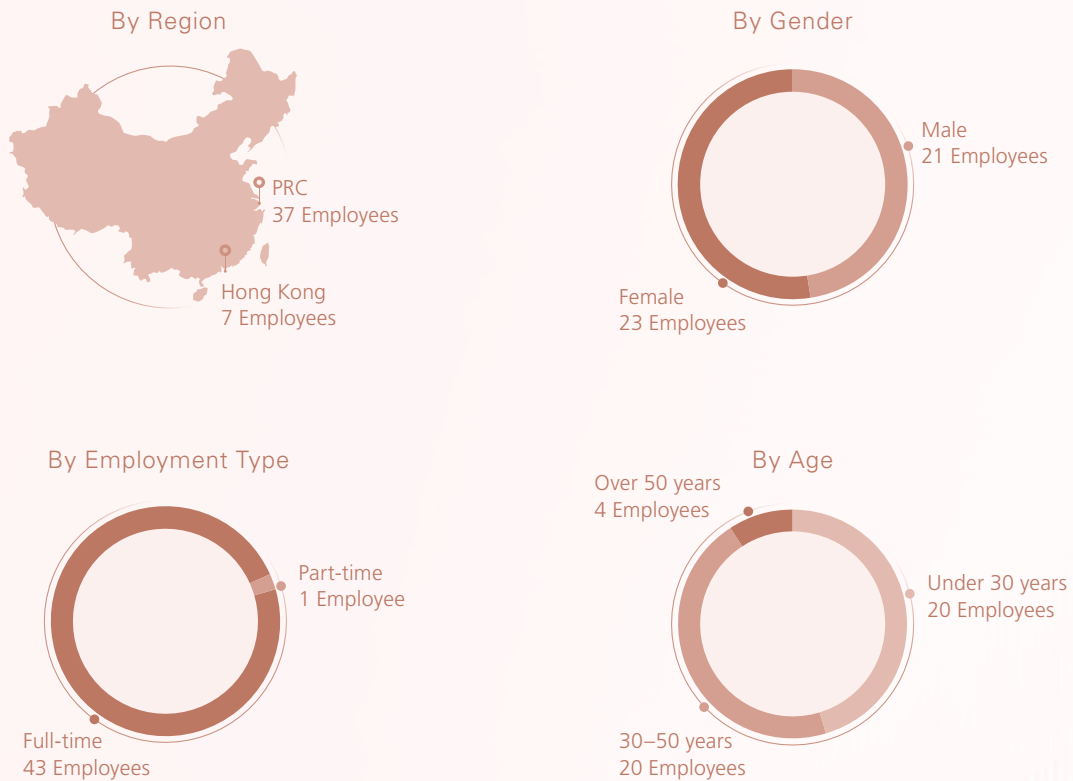
## Remuneration and benefits

We have established systems for remuneration, working hours and holidays, and relevant requirements are detailed in the Staff Handbook so that our staff can understand more. The Group is committed to providing competitive remuneration to attract and retain outstanding staff. The remuneration of staff consists of basic salary, position allowance and other subsidies. We will provide overtime subsidies or alternative leaves for our staff. We will also strive to comply with the laws and regulations on minimum wages and statutory social benefits, and provide social insurance for staff in the PRC, including pension, medical care, unemployment, work injury and maternity insurance.

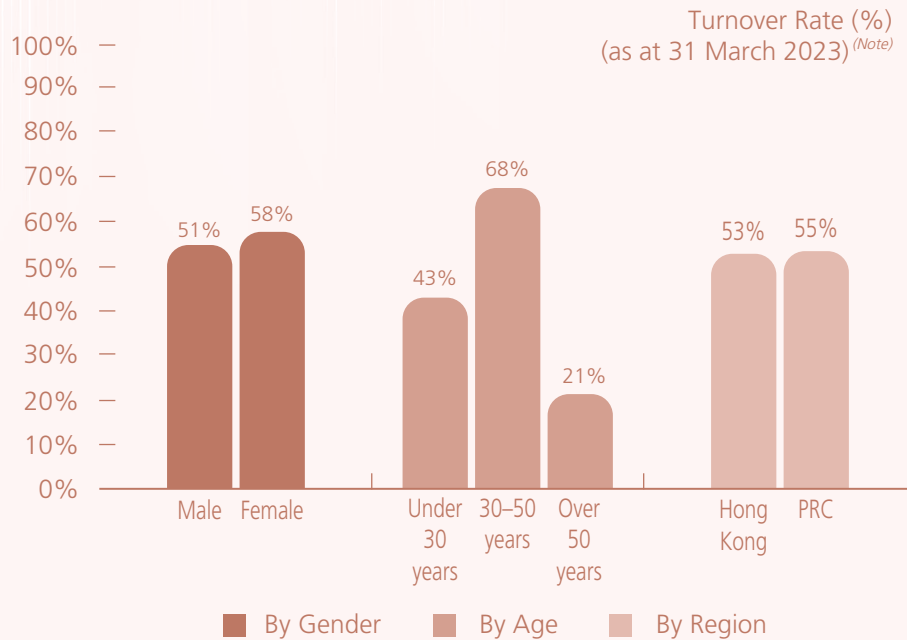
## Employment statistics

As of 31 March 2024, the Group had 44 employees (excluding non-executive directors and independent non-executive directors), with a turnover rate of 55%(Note). Detailed classifications are listed below:

Employee number  
(as at 31 March 2024)



# Environmental, Social and Governance Report



*Note:* Excluding employees leaving employment due to personal health issues, end of temporary employment and unsatisfactory performance during probationary period.

## Regulatory compliance

During the Reporting Period, we were not aware of any material non-compliance with laws and regulations regarding employment and labour practices.

## Health and safety

None of our business operations involve any high risk occupational health and safety issues. Regardless of this, the Group is committed to establishing and maintaining a working environment with “zero” work injury. Also, first aid boxes and emergency contact numbers are placed in convenient locations in the working environment to ensure that they can be accessed readily upon demand. We also provide our staff with medical insurances to safeguard their livelihoods in case the occurrence of any accidents. In the event of any major work injury event, we will investigate the cause of the event and identify appropriate corrective actions or improvement measures to prevent the reoccurrence of the incident. We have introduced the smoke-free policy into our workplace to protect the health of our staff. We have established procedures for our staff to follow in the event of typhoons and severe rainstorms to ensure their safety when travelling to and from the workplace.

During the Reporting Period, the Group has neither encountered any cases of injury or death at work, nor noticed any cases of serious violations of occupational safety related laws and regulations, including but not limited to the Occupational Safety and Health Ordinance and the Law on the Prevention and Control of Occupational Diseases of the People’s Republic of China (《中華人民共和國職業病防治法》). There were also no fatality cases during each the three years ended 31 March 2024, 31 March 2023, 31 March 2022.

# Environmental, Social and Governance Report

## Regulatory compliance

During the Reporting Period, we were not aware of any material non-compliance with laws and regulations regarding occupational health and safety.

## Development and training

The Group believes that the personal growth of our employees relates positively to the continuous growth of our businesses. Therefore, we strive to support our employees in professional development and seek to boost their sense of belonging to continuously grow in a harmonious working environment.

To ensure that our Directors are aware of and familiar with the latest listing requirements, we regularly circulate materials on the latest Listing Rules updates to them. We equip employees with the latest industry knowledge and expertise to maintain employees' competitiveness through training. During the Reporting Period, we encouraged our colleagues to seek various career training to enhance their capabilities to discharge their respective duties. We also offered basic training, including new employee orientation, on-the-job training, and safety and emergency training.

Employees are encouraged to develop and equip themselves with professional qualifications for future challenges. As part of the annual appraisal practice, employees are encouraged to discuss and formulate their development plans. The company facilitates and encourages employees to undertake relevant professional certifications and courses.

Employee training statistics (excluding self-learning materials)		2024	
		Percentage of employees training	Average trained hours
By gender	Male	100%	12.6
	Female	100%	13.2
By employee category	Management	100%	9.1
	General staff	100%	14.7

# Environmental, Social and Governance Report

## Supply Chain Management and Quality Assurance

The Group mainly provides a one-stop online wholesale platform for brand manufacturers and retailers and is not involved in any direct production. However, as an important platform for global fashion accessories customers, we are committed to safeguarding the quality of our products and delivering the products with the best quality to our customers.

In order to protect the interests of our customers to the greatest extent, if our customers discover any quality problem in our products within seven days after receiving the goods, they can return or exchange them free of charge. Feedback from customers regarding the quality of our products will be reviewed thoroughly to ensure timely identification of significant issues within our value chain.

In order to ensure that the quality and safety of the products are guaranteed by the source, we have established the "Factory Qualification Ranking Assessment Standard" (《工廠資質等級評審標準》) and "Product Quality Control System" (《產品品質管控制度》) for brand manufacturers on the Online Platform, and adopted various regulations to ensure all goods in the platform meeting quality standards. When selecting new suppliers, on-site inspections will be performed as part of the evaluation process prior to obtained qualification status. For qualified suppliers, we will sign a cooperation agreement with them and establish a half-year trial period. For existing suppliers, we will conduct qualification assessments on a regular basis to ensure their performance remains up to the Group's standards. The assessment criteria include the quantity of supply, the number of complaints and the quality of service. For suppliers that fail to meet the qualification requirements, the Group will recommend corrective actions for the supplier to improve their performance. If no subsequent improvements were demonstrated by the suppliers involved, we will terminate our cooperation with them.

For suppliers which included as qualified, the products they provide must meet the following four quality testing standards:

- Environmental protection testing standard
- Coating wear resistance testing standard
- Salt mist corrosion testing standard
- Appropriateness of wearing standard

In addition, for upcoming products, we will also request brand manufacturers to provide globally recognized international accredited certifications, verified by reputable third-parties, to ensure that all products supplied do not contain lead and nickel and meet international quality standards. Otherwise, our Online Platform will refuse to put that batch of goods on shelf.

We not only value the quality of products supplied by our suppliers, but also focus on their environmental and social risks. In addition to requiring suppliers to meet environmental protection testing standards for their products, we also expect them to maintain good business ethics and integrity and prohibit any violations of laws and regulations on collusion, bribery and malpractice etc. If suppliers are found to have any material adverse impact on the environment or community they operate in, we will consider terminating our cooperation with them.

During the Reporting Period, the Group did not have experience any product recall, material non-compliance with laws and regulations in relation to product health and safety or receive any material complaints from consumers.

During the Reporting Period, the Group had 6 suppliers in Hong Kong and 15 in the PRC.

# Environmental, Social and Governance Report

## Quality services

### Caring Services

The mission of the Group is to offer quality products and services to customers, to develop and cultivate a group of loyal customers, as well as to be a trendsetter in the fashion accessories industry, offering a diverse selection of high quality products.

We are committed to listening to our customers' comments and feedbacks in order to maintain a strong relationship with our customers. Our Online Platform provides instant customer service. If our customers have any enquiry or complaint, they can freely contact our customer service staff any time. If we receive complaints from customers, we will handle it seriously and provide appropriate and timely feedbacks and carry out remedial actions.

### Privacy Protection

As an operator of an online platform, it is of utmost importance to strictly enforce privacy protection and information security. We have set out confidentiality statement in the Staff Handbook to strengthen our staff's awareness of protecting personal data, and stipulate that they are not allowed to leak out private information, such as customers' information to protect customer privacy. We also publish our Privacy Protection Statement on the Online Platform to clearly explain to our customers the use of their account information, including passwords, phone numbers, emails and credit card information, as well as measures taken by the Group to protect such information. Our Online Platform has adopted the encryption technology of Secure Sockets Layer (SSL) to encrypt data during data transmission to ensure that customers' personal data will not be leaked out. During the Reporting Period, the Group has neither noticed any major case of data leakage nor received any complaints from customers or regulators regarding the failure to protect customer privacy or loss of customer information.

## Protection of intellectual property rights

The Group respects intellectual property rights and prohibits any act that may violate these rights. Given the nature of our business operations, the areas of concern related to intellectual property rights are associated with the use of licensed software and marketing material of and the products offered on the Online Platform. We provide legally licensed software for all staff and prohibit the use or installation of pirated software. For marketing materials and the products offered on the Online Platform, we strictly abide by local regulations related to intellectual property rights.

### *Regulatory compliance*

During the Reporting Period, we were not aware of any material non-compliance with laws and regulations regarding product responsibility.

## Integrity

As a good corporate citizen, we strive to maintain good corporate governance and strictly comply with the applicable laws and regulations, including but not limited to, the Prevention of Bribery Ordinance and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), prohibiting any behaviour of corruption, bribery, money laundering, fraud and extortion, in order to maintain good moral integrity, establish a corporate culture of integrity and pragmatism, and safeguard the interests of the Group.

Employees at all levels are required to conduct themselves with integrity, impartiality and honesty. We make sure that all our employees are aware of the requirements upon recruitment with our staff handbooks, which guide how employees should conduct themselves and stipulate that employees are not allowed to demand or accept any benefit, including money, gifts, rewards, services or privileges, in connection with their duties.

# Environmental, Social and Governance Report

We have “Anti-Corruption Policy” and “Whistleblowing Policy” in place, which applies to all employees. The documents provide details and examples on fraud and corruption activities prohibited within the Group to assist our employees’ understanding. Employees are encouraged to report any legitimate concern over possible improprieties in financial reporting, internal control or other unethical acts. The policy protects employees from any form of retribution for false allegations brought out of good faith. Following receipt of reported suspicious activities, the Group’s audit committee will perform an initial evaluation of the reported situation. Based on the criticality of the situation, confirmed violations may result in warnings, disciplinary actions, termination of employment, and/or reporting to regulatory authorities. During the Reporting Period, all directors attended anti-corruption training.

## Regulatory compliance

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees, and we were not aware of any material non-compliance with laws and regulations regarding anti-corruption.

## Promotion and Advertising

The Group mainly conducts promotions through its webpage and social media. All materials (such as press releases, articles and webpage content) must be appropriately approved before being released to ensure compliance, accuracy and truthfulness of content. During the Reporting Period, the Group has not noticed any serious violations of laws and regulations, including but not limited to the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》), Law of the People’s Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and Internet Security Law of the People’s Republic of China (《中華人民共和國網絡安全法》), regarding product liability, including quality of product and service, advertising, labelling, customer privacy protection and consumer rights and interests protection.

## Community Contribution

We always encourage our staff to participate in charitable activities actively, such as charitable donations, environmental protection activities and voluntary services, to contribute to the community. Looking ahead, the Group will devote more resources to society to build a better community and promote sustainable development through practical actions.

The Group did not make charitable donation during the Year. However, we will continue looking for opportunities to contribute our resources for improvement the wellbeing of the local communities where we operate in.

# Environmental, Social and Governance Report

## APPENDIX I: HKEX ESG CONTENT INDEX

Mandatory Disclosure Requirements		Section	Remarks
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG- related goals and targets with an explanation of how they relate to the issuer's businesses.	The Group's ESG governance structure Board Direction on ESG Topics	—
Reporting Principles — Materiality	(i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	Application of the reporting principles	—
Reporting Principles — Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable).		—
Reporting Principles — Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.		—
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	Reporting Period and scope	—



## Environmental, Social and Governance Report

Subject Areas, Aspects and KPIs		Section	Remarks
<b>A. Environmental</b>			
<b>A1 Emissions</b>		Emissions and Use of Resources	—
KPI A1.1	The types of emissions and respective emissions data		—
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)		—
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)		Given the nature of our business, we do not produce any significant amount of hazardous waste.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)		—
KPI A1.5	Description of emission target(s) set and steps taken to achieve them		Emissions and wastes are not considered to be the most material issues comparatively given the Group's business nature. While we put effort to reduce our negative environmental impact, currently specific targets with respect to these aspects are not defined.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them		The Group reviews its operations and environmental performance on an ongoing basis and will consider rebaselining its targets as appropriate.

## Environmental, Social and Governance Report

Subject Areas, Aspects and KPIs		Section	Remarks
<b>A2 Use of resources</b>		Emissions and Use of Resources	—
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity(e.g. per unit of production volume, per facility)		—
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)		—
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them		The Group is reviewing its operations and environmental performance in considering rebaselining its targets on energy and water consumption.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them		
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced		
<b>A3 The Environment and Natural Resources</b>		Emissions and Use of Resources	—
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them		The significant environmental issues in our business are already disclosed in sections "Emissions and Use of resources".

# Environmental, Social and Governance Report

Subject Areas, Aspects and KPIs		Section	Remarks
<b>A4 Climate Change</b>		Climate change	—
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.		—
<b>B. Social</b>			
<b>B1 Employment</b>		Employment and labour practices	—
KPI B1.1	Total workforce by gender, employment type, age group and geographical region		—
KPI B1.2	Employee turnover rate by gender, age group and geographical region.		—
<b>B2 Health and Safety</b>		Health and Safety	—
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		—
KPI B2.2	Lost days due to work injury		—
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored		—
<b>B3 Development and Training</b>		Development and Training	—
KPI B3.1	The percentage of employees trained by gender and employee category		—
KPI B3.2	The average training hours completed per employee by gender and employee category		—
<b>B4 Labour Standards</b>		Employment and labour practices	—
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour		—
KPI B4.2	Description of steps taken to eliminate such practices when discovered		—

## Environmental, Social and Governance Report

Subject Areas, Aspects and KPIs		Section	Remarks
<b>B5 Supply Chain Management</b>		Supply Chain Management and Quality Assurance	—
KPI B5.1	Number of suppliers by geographical region		—
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored		—
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		—
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.		—
<b>B6 Product Responsibility</b>		Quality services	—
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		There was no major recall of products sold during the Reporting Period.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.		There was no substantial complaint received during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.		—
KPI B6.4	Description of quality assurance process and recall procedures.		—
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.		—

## Environmental, Social and Governance Report

Subject Areas, Aspects and KPIs	Section	Remarks
<b>B7 Anti-corruption</b>	Integrity	—
KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases		—
KPI B7.2 Description of preventive measures and whistle blowing procedures, how they are implemented and monitored		—
KPI B7.3 Description of anti-corruption training provided to directors and staff.		—
<b>B8 Community Investment</b>	Community Contribution	—
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)		—
KPI B8.2 Resources contributed (e.g. money or time) to the focus area		—

# Independent Auditor's Report



## To the shareholders of Artini Holdings Limited

*(Incorporated in the Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Artini Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 65 to 122, which comprise the consolidated statement of financial position as at 31 March 2024, and 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

#### Impairment assessment of goodwill relating to the integrated fashion accessories platform business ("IFAPB Goodwill") and intangible assets

Refer to Notes 16 and 18 to the consolidated financial statements

The carrying amount of the Group's IFAPB Goodwill and certain intangible assets related to trademark and computer software as at 31 March 2024 was approximately nil and HK\$25,150,000 respectively.

## Independent Auditor's Report

For the purpose of impairment testing, the IFAPB Goodwill and other intangible assets are allocated to cash generating units of the E-commerce business ("CGUs"). Those CGUs which include goodwill and intangible assets with indefinite useful life are tested for impairment at least annually.

Management has concluded that no impairment loss on the intangible assets and impairment loss on the IFAPB Goodwill of approximately HK\$2,534,000 were recognised during the year ended 31 March 2024. This conclusion was based on value in use models that required significant management judgment in making assumptions and in selecting an appropriate market discount rate.

### Our response:

Our procedures in relation to management's impairment assessment included:

- Assessing the competence, capabilities, independence and objectivity of the valuer;
- Assessing the valuation methodology used and the appropriateness of the key bases and assumptions used, and discussing these bases and assumptions with the management and the valuer;
- Challenging the reasonableness of the key assumptions based on our knowledge;
- Obtaining supportive evidence for the significant judgements and estimates of the valuations and the key inputs used in the valuations;
- Checking the mathematical accuracy of the valuation; and
- Assessing the adequacy of the impairment disclosures in the consolidated financial statements.

### OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 31 March 2023.

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



## Independent Auditor's Report

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **CL Partners CPA Limited**

*Certified Public Accountants*

### **Ruan Qianting**

Practising Certificate Number: P08288

Hong Kong, 26 June 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	6	<b>71,180</b>	63,692
Cost of sales		<b>(55,320)</b>	(47,513)
<b>Gross profit</b>		<b>15,860</b>	16,179
Other income	7	<b>364</b>	163
Other gains and losses, net	8	<b>19,541</b>	(1,081)
Selling and distribution expenses		<b>(16,391)</b>	(10,253)
Administrative expenses		<b>(12,450)</b>	(7,908)
Finance costs	9	<b>(129)</b>	(25)
<b>Profit/(loss) before income tax</b>	10	<b>6,795</b>	(2,925)
Income tax credit	13	<b>30</b>	1,490
<b>Profit/(loss) for the year</b>		<b>6,825</b>	(1,435)
<b>Other comprehensive expense:</b>			
<b>Item that may be reclassified subsequently to profit and loss:</b>			
Exchange differences arising on translation of foreign operations		<b>(5,225)</b>	(8,921)
<b>Item that will not be reclassified to profit or loss:</b>			
Reclassification of cumulative translation reserve upon deregistration of a subsidiary with foreign operation		<b>(18,866)</b>	–
Other comprehensive expense for the year, net of income tax		<b>(24,091)</b>	(8,921)
<b>Total comprehensive expense for the year</b>		<b>(17,266)</b>	(10,356)
<b>Profit/(loss) per share</b>			
– Basic and diluted (HK\$)	14	<b>0.006</b>	(0.001)

# Consolidated Statement of Financial Position

At 31 March 2024

	<i>Notes</i>	<b>2024</b> HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	139	211
Goodwill	16	–	2,534
Right-of-use assets	17	8,404	211
Intangible assets	18	25,167	25,150
Deferred tax assets	19	464	–
		<b>34,174</b>	28,106
<b>CURRENT ASSETS</b>			
Inventories	20	23,552	42,697
Trade receivables, contract assets and other receivables	21	44,201	64,633
Cash and bank balances	22	48,282	18,886
		<b>116,035</b>	126,216
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	8,955	12,224
Contract liabilities	24	5,946	411
Lease liabilities	27	3,093	168
Amount due to a director	25	1,299	–
Amount due to immediate holding company	26	676	–
Income tax payable		10,782	11,081
		<b>30,751</b>	23,884
<b>NET CURRENT ASSETS</b>		<b>85,284</b>	102,332
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>119,458</b>	130,438
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	27	5,894	42
Deferred tax liabilities	19	434	–
		<b>6,328</b>	42
<b>NET ASSETS</b>		<b>113,130</b>	130,396
<b>CAPITAL AND RESERVES</b>			
Share capital	28	55,198	55,198
Reserves		57,932	75,198
<b>TOTAL EQUITY</b>		<b>113,130</b>	130,396

Approved and authorised for issue by the board of directors on 26 June 2024.

**Chen Long**  
Director

**Chen Shaojia**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000 <i>(Note (A))</i>	Translation reserve HK\$'000	PRC statutory reserves HK\$'000 <i>(Note (B))</i>	Share-based payment capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2022	55,198	913,906	(16,415)	29,198	9,436	8,976	(859,547)	140,752
Loss for the year	-	-	-	-	-	-	(1,435)	(1,435)
Other comprehensive expense for the year, net of income tax	-	-	-	(8,921)	-	-	-	(8,921)
Total comprehensive expense for the year	-	-	-	(8,921)	-	-	(1,435)	(10,356)
As at 31 March 2023 and 1 April 2023	55,198	913,906	(16,415)	20,277	9,436	8,976	(860,982)	130,396
Profit for the year	-	-	-	-	-	-	6,825	6,825
Other comprehensive expense for the year, net of income tax	-	-	-	(24,091)	-	-	-	(24,091)
Total comprehensive expense for the year	-	-	-	(24,091)	-	-	6,825	(17,266)
Reclassification of reserves upon deregistration of a subsidiary with foreign operation	-	-	(3,871)	-	(9,436)	-	13,307	-
Lapse of share options	-	-	-	-	-	(8,976)	8,976	-
As at 31 March 2024	55,198	913,906	(20,286)	(3,814)	-	-	(831,874)	113,130

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

Notes:

## A. OTHER RESERVES

The other reserves comprise of the following:

### i. Restructuring reserve

The restructuring reserve of debit balance of approximately HK\$19,615,000 (2023: HK\$19,615,000) represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries comprising of the Group prior to the reorganisation of the Group in 2008.

### ii. Capital injection by a shareholder

Mr. Tse, Hoi Chau ("Mr. Tse") regards the integrated fashion accessories platform business a revitalisation of the Group's fashion accessories businesses, which had been in business for decades. As a vote of confidence in the Group's financial performance, Mr. Tse has personally provided a profit guarantee (the "Profit Guarantee") in favour of the Company in October 2018, pursuant to which Mr. Tse has guaranteed in favour of the Company that the audited consolidated net profit after tax (excluding non-recurring and extraordinary items and non-cash income and minority interests) of the Group (the "Adjusted Net Profit") for the year ended 31 March 2020 ("Year 2020") shall be no less than HK\$24.0 million. In the event the Adjusted Net Profit has fallen short of the Profit Guarantee, Mr. Tse shall pay to the Company for the shortfall on a dollar-to-dollar basis in cash.

The Adjusted Net Profit for the Year 2020 was approximately HK\$20.8 million. Due to the impact of the novel coronavirus epidemic, the performance of the Group for the Year 2020 was not as expected, therefore the Adjusted Net Profit did not meet the Profit Guarantee. Mr. Tse paid the compensation of approximately HK\$3.2 million to the Company during the year ended 31 March 2021.

## B. PRC STATUTORY RESERVES

The amounts represent the transfers from retained earnings to PRC statutory reserves which are made in accordance with the relevant rules and regulations in the People's Republic of China (the "PRC") and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors which comprise of:

### i. General reserve fund

Subsidiaries in the PRC are required to transfer 10% of the net profits, as determined in accordance with the PRC accounting rules and regulations, to general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to equity holders.

General reserve fund can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the general reserve fund after such conversion is not less than 25% of the subsidiary's registered capital.

### ii. Enterprise expansion fund

Subsidiaries in the PRC are required to transfer a certain percentage of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the enterprise expansion fund. The percentage of appropriation is decided by the directors of the subsidiaries.

Enterprise expansion fund can be used for the subsidiaries' business development purposes and for working capital purposes. This fund can also be used to increase capital of the relevant subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distribution of dividends to the equity holders.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before income tax	6,795	(2,925)
Adjustments for:		
Depreciation of property, plant and equipment	145	558
Loss on written off of property, plant and equipment	–	490
Depreciation of right-of-use assets	920	402
Amortisation of intangible assets	2	–
Gain on lease modification	–	3
Provision of impairment loss on intangible assets	–	3,128
Impairment loss (reversed)/recognised in respect of trade receivables and contract assets	(1,132)	2,041
Impairment loss (reversed)/recognised in respect of other receivables	(158)	7
Finance costs recognised in profit or loss	129	25
Interest income recognised in profit or loss	(276)	(2)
Provision of impairment loss of inventories	107	2,987
Impairment losses on goodwill	2,534	–
Unrealised exchange gains	(18,864)	–
Operating cash flows before changes in working capital	(9,798)	6,714
Decrease/(increase) in inventories	16,875	(1,644)
Decrease/(increase) in trade receivables, contract assets and other receivables	19,283	(23,206)
(Decrease)/increase in trade and other payables	(3,062)	3,262
Increase/(decrease) in contract liabilities	5,622	(656)
Cash generated from/(used in) operations	28,920	(15,530)
Income taxes refund	–	1,490
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>28,920</b>	<b>(14,040)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(77)	(35)
Purchase of intangible assets	(19)	–
Interest received	276	2
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>180</b>	<b>(33)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES (Note 35)</b>		
Principal elements of lease payments	(335)	(405)
Interest paid on lease liabilities	(129)	(25)
Increase in amount due to a director	1,299	–
Increase in amount due to immediate holding company	676	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,511</b>	<b>(430)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>30,611</b>	<b>(14,503)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>18,886</b>	<b>35,758</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(1,215)</b>	<b>(2,369)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		
Represented by cash and bank balances	<b>48,282</b>	<b>18,886</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

Artini Holdings Limited (the “Company”) was incorporated in Bermuda on 30 May 2007 as an exempted company with limited liability under the Bermuda Companies Act 1981 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Unit No.8502, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred as the “Group”) are principally engaged in the sale of a wide selection of fashion accessories products mainly through the Group’s self-operated online platform and third-party sales online platforms (the “Integrated Fashion Accessories Platform Business”). During the year, the Group commenced the business engaging in the sale of skincare and health products through self-operated online platform (the “Skincare and Health Product Sales Platform Business”).

In the opinion of the directors of the Company (the “Directors”), the Company’s immediate holding company is Rapid Development Limited, a company incorporated in British Virgin Islands with limited liability and its ultimate controlling shareholders are Mr. Chen Long (“Mr. Chen”) and Ms. Lin Chenjie (wife of Mr. Chen).

The principal activities of its subsidiaries are set out in Note 34.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

### (a) New and amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

#### Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for first time in current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements is to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are also added.

The application of the amendments had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in notes 4 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer required to be disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### (b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the above amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users.

#### Going Concern Assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

### (c) Functional and presentation currency

The consolidated financial statements have been presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (c) Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 4(n)), and whenever there is an indication that the CGU may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

### (d) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (d) Revenue recognition *(continued)*

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

- (i) Revenue from sale of fashion accessories products and skincare and health products are recognised at point in time when the goods are delivered to, and have been accepted by, customers.
- (ii) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

### Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. 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 to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

For sales of skincare and health products to the wholesale market and through retail outlets and internet sales, revenue is recognised by the group at a point in time in line with the policy outlined above. Under the Group's standard contract terms, customers have a right of return before acceptance of the goods and accordingly a refund liability and a right to returned goods asset are recognised in relation to goods expected to be returned.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (e) Leasing

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

#### Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

#### Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (e) Leasing *(continued)*

#### 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 increase the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease 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 circumstance of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### (f) Foreign currencies

In preparing the financial statements of 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 the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using rate of exchange prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (g) Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefits schemes and the Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as expenses when employees have rendered service entitling them to the contributions.

### (h) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### (i) Share-based payment arrangements

Equity-settled share-based payment transactions

#### *Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

The fair value determined at the grant date of the share options are expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in the share-based payment capital reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment capital reserve.

When the share options are exercised, the amount previously recognised in share-based payment capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment capital reserve will be transferred to accumulated losses.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (i) Share-based payment arrangements *(continued)*

Equity-settled share-based payment transactions *(continued)*

*Share options granted to suppliers/consultants*

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based payment capital reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

### (j) 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. Taxable profit differs from “loss before income tax” as reported in the consolidated statement of profit or loss 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 the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 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. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (j) Taxation *(continued)*

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 the 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 the 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 right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### (k) Property, plant and equipment

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (k) Property, plant and equipment *(continued)*

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the terms of the leases
Office equipment	3 to 10 years
Furniture and fixtures	5 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

### (l) Intangible assets (other than goodwill)

#### (i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Non-contractual customer lists and relationships	3 years
Software	3 years

Intangible assets including trademarks that are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (l) Intangible assets (other than goodwill) *(continued)*

#### (ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

### (m) Financial Instruments

#### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (m) Financial Instruments *(continued)*

#### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (“ECL”) on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (m) Financial Instruments *(continued)*

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622, came into operation on 3 March 2014. Under the Ordinance shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under s. 148 and s. 149 of the Ordinance.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (m) Financial Instruments *(continued)*

#### (vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the period.

### (n) Impairment on non-financial assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 asset is estimated in order to determine the extent of the impairment losses, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is indication that they may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (n) Impairment on non-financial assets (other than goodwill) *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) 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 losses been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### (o) 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 estimated costs of completion and cost necessary to make the sale.

### (p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (q) Cash and cash equivalents

Bank balances and cash included in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### (r) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, 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 ongoing basis. Revisions to accounting estimates are 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.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (i) Impairment of trade receivables, contract assets and other receivables

The Group estimates the impairment allowances for trade receivables, contract assets and other receivables by assessing the ECL based on historical credit loss experience, forward looking factors, and the economic environment. This requires the use of estimates and judgments. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables, and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

During the year, no impairment loss expenses on trade receivables, contract assets and other receivables have been recognised (2023: HK\$2,048,000).

#### (ii) Estimated impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year ended 31 March 2024, impairment loss on goodwill has been recognised at approximately HK\$2,534,000 (2023: nil) and no impairment loss expense on intangible assets has been recognised (2023: HK\$3,128,000). Further details are set out in Notes 16 and 18.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Key sources of estimation uncertainty *(continued)*

#### (iii) Estimation of income taxes

The Group is subject to income and other forms of taxes in different jurisdictions and significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for taxes based on estimates of the taxes that are likely to become due. The Group believes that its provisions for taxes is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

#### (iv) Impairment of investments in subsidiaries

If circumstances indicate that the Company's interests in subsidiaries, the Company's interests in subsidiaries may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36 Impairment of Assets. The carrying amount of the Company's interests in subsidiaries is reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. The asset is tested for impairment whenever events or changes in circumstances indicate that the recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate selling prices because quoted market prices for interests in subsidiaries are not readily available. In determining the value in use, expected cash flows generated by the Company's interests in subsidiaries are discounted to their present value, which requires significant judgement relating to level of sale volume and amount of operating costs of the subsidiaries. The Company uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume and amount of operating costs of the subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. REVENUE AND SEGMENT INFORMATION

### a. Revenue

Revenue represents the net amounts received and receivables that are derived from sales of fashion accessories products during the years ended 31 March 2024 and 2023 and sales of skincare and health products during the year ended 31 March 2024.

### b. Segment information

The Group's operating segments, based on information reported to the board of Directors, being the chief operating decision-maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance.

During the year, the Group commenced the business engaging in Skincare and Health Product sales Platform Business, and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's reportable and operating segments for the years ended 31 March 2024 and 2023 were as follows:

Integrated Fashion Accessories Platform Business	Wholesale, retail and distribution of fashion accessories mainly through self-operated online platform and third-party sales online platforms.
Skincare and Health Product Sales Platform Business	Wholesale, retail and distribution of skincare and health products mainly through self-operated online platform.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### b. Segment information *(continued)*

#### i. Segment revenue and results, assets and liabilities and other information

The following is an analysis of the Group's revenue and results, assets and liabilities and other information by reportable and operating segments:

	Integrated Fashion Accessories Platform Business HK\$'000	Skincare and Health Product Sales Platform Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Year ended 31 March 2024				
<b>Revenue (At point in time)</b>				
Segment revenue – external sales	67,769	3,411	-	71,180
<b>Results</b>				
Segment results	289	(59)	-	230
Unallocated other profits				15,983
Unallocated expenses				
– Auditor's remuneration				(800)
– Depreciation of right-of-use assets				(744)
– Salaries and retirement benefit scheme				(3,912)
– Other professional fee				(1,187)
– Unallocated expenses				(2,669)
– Finance costs				(106)
<b>Profit before income tax</b>				6,795
<b>Assets</b>				
Segment assets	97,038	16,335	-	113,373
Unallocated assets				
– Property, plant and equipment				42
– Right-of-use assets				6,653
– Deferred tax assets				464
– Other receivables, prepayment and deposit				2,845
– Cash and bank balances				26,832
Total assets				150,209
<b>Liabilities</b>				
Segment liabilities	(12,163)	(6,651)	-	(18,814)
Unallocated liabilities				
– Other payables and accruals				(5,421)
– Lease liabilities				(7,115)
– Deferred tax liabilities				(434)
– Others				(5,295)
Total liabilities				(37,079)
<b>Other information</b>				
Depreciation of property, plant and equipment	(29)	-	(116)	(145)
Depreciation of right of use assets	(108)	(68)	(744)	(920)
Impairment loss reversed in respect of trade receivables and contract assets	1,132	-	-	1,132
Impairment loss reversed in respect of other receivables	158	-	-	158
Impairment losses on goodwill	(2,534)	-	-	(2,534)
Provision of impairment loss on inventories	(107)	-	-	(107)
Amortisation of intangible assets	-	(2)	-	(2)
Interest income	136	27	113	276
Finance costs	(14)	(9)	(106)	(129)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### b. Segment information *(continued)*

#### i. Segment revenue and results, assets and liabilities and other information *(continued)*

The following is an analysis of the Group's revenue and results, assets and liabilities and other information by reportable and operating segments: *(continued)*

	Integrated Fashion Accessories Platform Business HK\$000	Unallocated HK\$'000	Consolidated HK\$'000
Year ended 31 March 2023			
<b>Revenue (At point in time)</b>			
Segment revenue – external sales	63,692	–	63,692
<b>Results</b>			
Segment results	6,852	–	6,852
Unallocated other profits			121
Unallocated expenses			
– Auditor's remuneration			(730)
– Depreciation of right-of-use assets			(210)
– Salaries and retirement benefit scheme			(1,812)
– Other professional fee			(675)
– Unallocated expenses			(6,460)
– Finance costs			(11)
<b>Loss before income tax</b>			<b>(2,925)</b>
<b>Assets</b>			
Segment assets	150,129	–	150,129
Unallocated assets			
– Property, plant and equipment			150
– Right-of-use assets			178
– Other receivables, prepayment and deposit			360
– Cash and bank balances			3,505
Total assets			<b>154,322</b>
<b>Liabilities</b>			
Segment liabilities	(15,026)	–	(15,026)
Unallocated liabilities			
– Other payables and accruals			(4,741)
– Lease liabilities			(177)
– Others			(3,982)
Total liabilities			<b>(23,926)</b>
<b>Other information</b>			
Depreciation of property, plant and equipment	(265)	(293)	(558)
Depreciation of right-of-use assets	(192)	(210)	(402)
Impairment loss on intangible assets	–	(3,128)	(3,128)
Impairment loss recognised in respect of trade receivables and contract assets	(2,041)	–	(2,041)
Impairment loss recognised in respect of other receivables	(7)	–	(7)
Provision of impairment loss on inventories	(2,987)	–	(2,987)
Loss on written off of property, plant and equipment	(490)	–	(490)
Interest income	1	1	2
Finance costs	(14)	(11)	(25)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### b. Segment information *(continued)*

#### i. Segment revenue and results, assets and liabilities and other information *(continued)*

The accounting policies of the above reportable and operating segments are the same as the Group's accounting policies.

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales transactions between the Group's subsidiaries in the different segments during the years ended 31 March 2024 and 2023.

Segment results represent the loss incurred or profit earned by each segment without allocation of items not directly related to the relevant segments. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable and operating segments other than certain property, plant and equipment, right-of-use assets, intangible assets, other receivables, prepayments and deposits, and cash and bank balances.
- All liabilities are allocated to reportable and operating segments other than certain other payables, accruals and lease liabilities.

#### ii. Geographical information

The following table provides an analysis of the Group's revenue from external customers based on the location where the goods were delivered:

	2024 HK\$'000	2023 HK\$'000
America	62,851	57,176
The PRC, other than Hong Kong and Macao	5,657	3,786
Others	2,672	2,730
	<b>71,180</b>	63,692

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### b. Segment information *(continued)*

#### ii. Geographical information *(continued)*

The following table provides an analysis of the Group's non-current assets based on the geographical location of the assets:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	6,696	328
The PRC, other than Hong Kong and Macao	27,014	27,778
	<b>33,710</b>	28,106

Note: Non-current assets excluded deferred tax assets.

### c. Information about major customers

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	16,173	15,023
Customer B	14,556	14,717
Customer C	14,439	11,798
Customer D	—*	10,160

\* Contributed less than 10% of the Group's total revenue for relevant year.

## 7. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income	276	2
Government subsidies (Note (a))	—	123
Others	88	38
	<b>364</b>	163

Note:

- (a) During the year ended 31 March 2023, there was HK\$123,000 of government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program, and does not obtain other subsidy during the years ended 31 March 2024 and 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 8. OTHER GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Other gains and (losses), net comprise of:		
Net exchange gains	20,785	4,588
Provision of impairment loss on intangible assets	–	(3,128)
Impairment loss reversed/(recognised) in respect of trade receivables and contract assets	1,132	(2,041)
Impairment loss reversed/(recognised) in respect of other receivables	158	(7)
Loss on written off of property, plant and equipment	–	(490)
Loss on lease modification	–	(3)
Impairment losses on goodwill	(2,534)	–
	<b>19,541</b>	<b>(1,081)</b>

## 9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	129	25

## 10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax has been arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	6,284	4,016
Contributions to defined contribution retirement plans	510	364
	<b>6,794</b>	<b>4,380</b>
Auditor's remuneration	800	730
Cost of inventories recognised as an expense, including written-off of inventories and provision of impairment loss on inventories	55,320	47,513
Provision of impairment loss on inventories	107	2,987
Depreciation of property, plant and equipment	145	558
Depreciation of right-of-use assets	920	402
Short-term leases expenses	6	19
Other professional fee	1,148	675



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### a. Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and The Hong Kong Companies Ordinance, is as follows:

	Notes	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2024</b>					
<b>Executive directors</b>					
Mr. Tse Hoi Chau ("Mr. Tse")		–	1,238	27	1,265
Mr. Tse Kin Lung	(i)	–	416	21	437
Ms. Yu Zhonglian	(ii)	–	79	4	83
Mr. Chen Long	(iii)	100	529	20	649
Mr. Chen Shaojia	(iv)	100	401	22	523
<b>Independent non-executive directors</b>					
Mr. Lau Fai Lawrence	(v)	79	–	–	79
Mr. Lau Yiu Kit		120	–	–	120
Mr. Ma Sai Yam		120	–	–	120
Mr. Yuen Wai Kin	(vi)	41	–	–	41
		<b>560</b>	<b>2,663</b>	<b>94</b>	<b>3,317</b>
<b>For the year ended 31 March 2023</b>					
<b>Executive directors</b>					
Mr. Tse Hoi Chau ("Mr. Tse")		–	189	6	195
Mr. Tse Kin Lung	(i)	–	137	5	142
Ms. Yu Zhonglian	(ii)	–	110	5	115
<b>Independent non-executive directors</b>					
Mr. Lau Fai Lawrence	(v)	120	–	–	120
Mr. Lau Yiu Kit		120	–	–	120
Mr. Ma Sai Yam		120	–	–	120
		<b>360</b>	<b>436</b>	<b>16</b>	<b>812</b>

Notes:

- (i) Mr. Tse Kin Lung resigned as an executive director on 29 November 2023.
- (ii) Ms. Yu Zhonglian resigned as an executive director on 29 November 2023.
- (iii) Mr. Chen Long was appointed as an executive director on 30 October 2023.
- (iv) Mr. Chen Shaojia was appointed as an executive director on 29 November 2023.
- (v) Mr. Lau Fai Lawrence was resigned as independent non-executive directors on 29 November 2023.
- (vi) Mr. Yuen Wai Kin was appointed as independent non-executive directors on 29 November 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

### a. Directors' and chief executive's emoluments *(continued)*

During the years ended 31 March 2024 and 2023, no emoluments was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors has waived or agreed to waive any emoluments during the years ended 31 March 2024 and 2023.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were mainly for their services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

### b. Employees' emoluments

Of the five individuals with the highest emoluments, four (2023: three) of the Director for the year ended 31 March 2024, details of whose emoluments are included in the disclosure in Note 11(a) above.

The emoluments of the remaining one individual (2023: two) was as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	315	489
Retirement benefit scheme contributions	4	25
	<b>319</b>	514

The emoluments of the one individual (2023: two) with the highest emoluments are within the following band:

	2024	2023
Nil to HK\$1,000,000	1	2

During the current and prior years, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

## 12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 13. INCOME TAX CREDIT

	2024 HK\$'000	2023 HK\$'000
<b>Hong Kong Profits Tax</b>		
– Current year	–	–
– Over-provision in prior years	–	(1,490)
	–	(1,490)
Deferred tax		
– Current year	(30)	–
<b>Income tax credit</b>	<b>(30)</b>	(1,490)

According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the “Regime”) is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for the years ended 31 March 2024 and 2023 is provided based on the Regime.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 March 2024 and 2023.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2023: 25%) for the Year.

The income tax credit for the years can be reconciled to the loss before income tax as follows:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before income tax	6,795	(2,925)
Tax calculated at the rate applicable to the tax jurisdictions concerned	879	(480)
Tax effect of expenses not deductible for tax purposes	1,418	899
Tax effect income not taxable for tax purposes	(3,374)	(20)
Utilisation of tax loss previously not recognised	(195)	(1,768)
Tax effect of tax losses not recognised	1,242	1,369
Over-provision in prior years	–	(1,490)
<b>Income tax credit</b>	<b>(30)</b>	(1,490)

As at 31 March 2024 and 2023, the Group did not have deductible temporary difference in respect of impairment of trade and other receivables. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profit will be available which the deductible temporary differences can be utilised.

As at 31 March 2024, the Group had unused tax losses of approximately HK\$38,729,000 (2023: HK\$35,128,000) available for offsetting against future profits. No deferred tax assets have been recognised as certain entities of the Group have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses may be carried forwards indefinitely except for those tax losses amounting to HK\$18,083,000 (2023: HK\$20,817,000) will expire in the coming few years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 14. PROFIT/(LOSS) PER SHARE

The calculation of basic profit/(loss) per share is based on the profit for the year of approximately HK\$6,825,000 (2023: a loss of HK\$1,435,000) and the weighted average of approximately 1,103,968,000 (2023: 1,103,968,000) ordinary shares of the Company in issue during the year.

Diluted profit/(loss) per share equals to basic profit/(loss) per share, as there were no potential dilutive ordinary shares in issue for the years ended 31 March 2024 and 2023.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>Cost</b>					
As at 1 April 2022	1,707	712	92	1,315	3,826
Additions	20	15	–	–	35
Disposal/written off	(1,620)	–	(29)	–	(1,649)
Exchange adjustments	(86)	(13)	–	–	(99)
As at 31 March 2023 and 1 April 2023	<b>21</b>	<b>714</b>	<b>63</b>	<b>1,315</b>	<b>2,113</b>
Additions	–	<b>77</b>	–	–	<b>77</b>
Exchange adjustments	(1)	(8)	–	–	(9)
<b>As at 31 March 2024</b>	<b>20</b>	<b>783</b>	<b>63</b>	<b>1,315</b>	<b>2,181</b>
<b>Accumulated depreciation and impairments</b>					
As at 1 April 2022	825	601	43	1,088	2,557
Provided for the year	339	62	14	143	558
Eliminated on disposal/written off	(1,130)	–	(29)	–	(1,159)
Exchange adjustments	(30)	(24)	–	–	(54)
As at 31 March 2023 and 1 April 2023	<b>4</b>	<b>639</b>	<b>28</b>	<b>1,231</b>	<b>1,902</b>
Provided for the year	<b>9</b>	<b>40</b>	<b>13</b>	<b>83</b>	<b>145</b>
Exchange adjustments	–	(5)	–	–	(5)
<b>As at 31 March 2024</b>	<b>13</b>	<b>674</b>	<b>41</b>	<b>1,314</b>	<b>2,042</b>
<b>Carrying amounts</b>					
<b>As at 31 March 2024</b>	<b>7</b>	<b>109</b>	<b>22</b>	<b>1</b>	<b>139</b>
As at 31 March 2023	17	75	35	84	211

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 16. GOODWILL

	HK\$'000
<b>Cost</b>	
<b>As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024</b>	<b>152,181</b>
<b>Impairments</b>	
<b>As at 1 April 2022, 31 March 2023 and 1 April 2023</b>	<b>149,647</b>
<b>Impairment losses recognised in the year</b>	<b>2,534</b>
<b>As at 31 March 2024</b>	<b>152,181</b>
<b>Carrying amount</b>	
<b>As at 31 March 2024</b>	<b>–</b>
As at 31 March 2023	2,534

Notes:

- (a) Goodwill arises from acquisition of Primeview Technology Limited (“PVT”) on 31 October 2016. The goodwill is allocated to the CGU of the electronic commerce (“E-commerce Business”) and fully impaired in prior year.
- (b) Goodwill arises from acquisition of Magic B2B Limited and Guangzhou Artini Technology Limited on 31 October 2017. This goodwill is allocated to the CGU of Integrated Fashion Accessories Platform Business.

During the year ended 31 March 2024, the management has determined that an impairment loss of HK\$2,534,000 (2023: nil) in relation to goodwill allocated to the CGU of the Integrated Fashion Accessories Platform Business.

The recoverable amount of the CGU has been determined from value-in-use calculation based on cash flow projection from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5% (2023: 2.5%).

	2024	2023
Discount rate	<b>19.97%</b>	20.49%
Operating margin	<b>20.00%</b>	20.86%
Average growth rate within the five-year period	<b>9.5%</b>	10%

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on past experience.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 17. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and movements during the year are as follows:

	Office premises and warehouse HK\$'000
At 1 April 2022	721
Additions	321
Amortisation	(402)
Effect of lease modification	(391)
Exchange adjustments	(38)
At 31 March 2023 and 1 April 2023	211
Additions	9,125
Amortisation	(920)
Exchange adjustments	(12)
At 31 March 2024	8,404

For both years, the Group leases office premises and warehouse for its operations. Lease contracts which effective interest rates of 5.64% (2023: 4.72%) are entered into for fixed terms of 12 months to 3 years (2023: 12 months to 2 years), but may have extension and termination options included. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 18. INTANGIBLE ASSETS

	Trademarks HK\$'000 (Note (a))	Customer lists HK\$'000 (Note (b))	Software HK\$'000 (Note (b))	Total HK\$'000
<b>Cost</b>				
As at 1 April 2022, 31 March 2023, 1 April 2023	32,840	109	–	32,949
Addition	–	–	19	19
As at 31 March 2024	32,840	109	19	32,968
Accumulated amortisation and impairments				
As at 1 April 2022	4,562	109	–	4,671
Impairments	3,128	–	–	3,128
As at 31 March 2023 and 1 April 2023	7,690	109	–	7,799
Amortisation	–	–	2	2
As at 31 March 2024	<b>7,690</b>	<b>109</b>	<b>2</b>	<b>7,801</b>
<b>Carrying amounts</b>				
As at 31 March 2024	<b>25,150</b>	<b>–</b>	<b>17</b>	<b>25,167</b>
As at 31 March 2023	25,150	–	–	25,150

Notes:

- (a) The Group acquired trademarks related to an Italian brand (“Asbeny”), which are considered to have indefinite useful lives, in March 2018. The recoverable amounts of the Asbeny has been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5% (2023: 2.5%).

	2024	2023
Discount rate	<b>22.95%</b>	23.47%
Operating margin	<b>50.90%</b>	62%
Growth rate within the five –year period	<b>8–13%</b>	10–15%

The discount rates used are pre-tax and reflect specific risks relating to the Asbeny. The operating margin and growth rate within the five-year period have been based on past experience.

As at 31 March 2023, intangible assets with the net carrying amount of HK\$28,278,000 (before the impairment assessment) was attributable to the trademarks related to Asbeny. As at 31 March 2023, the recoverable amount of the Asbeny CGU was HK\$25,150,000 and lower than its carrying amount, thus, the directors considered that an impairment loss on intangible assets of HK\$3,128,000 has been recognised in “other gains and losses, net” during the year ended 31 March 2023. The reason for this impairment in the year ended 31 March 2023 was the increase of discount rate in response to the increase in market risks during the year. As the CGU has been reduced to its recoverable amount of HK\$25,150,000, any adverse change in the assumption used in the calculation of recoverable amount would result in further impairment losses. No further impairment recognised during the year ended 31 March 2024.

- (b) The Group’s customer list and software with finite useful lives was amortised on a straight-line basis over period of three years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 19. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Deferred tax assets	<b>464</b>	–
Deferred tax liabilities	<b>(434)</b>	–
	<b>30</b>	–

Details of the deferred tax assets/(liabilities) recognised and movements during the current and prior years:

	<b>Lease liabilities</b>	<b>Rights-of-use assets</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022, 31 March 2023 and 1 April 2023	–	–	–
Credit to profit or loss (Note 13)	<b>464</b>	<b>(434)</b>	<b>30</b>
As at 31 March 2024	464	(434)	30

## 20. INVENTORIES

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Finished goods	<b>23,552</b>	42,697

As at 31 March 2024, provision of impairment loss of inventories of HK\$107,000 (2023: HK\$2,987,000) is made and recognised as cost of inventories sold during the year.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 21. TRADE RECEIVABLES, CONTRACT ASSETS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables (note (a))	43,004	52,699
Less: Allowances (note (c))	(4,653)	(5,784)
Trade receivables, net	38,351	46,915
Contract assets (note (b))	–	174
Less: Allowances (note (c))	–	(1)
Contract assets, net	–	173
Other receivables (note (d))	1,334	639
Less: Allowances	(16)	(174)
Other receivables, net	1,318	465
Trade and other deposits paid	2,448	16,688
Prepayments	2,084	392
	<b>44,201</b>	<b>64,633</b>

### Notes:

Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods. No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customer's quality and determining the credit limits for that customer.

As at 31 March 2024 and 2023, included in other receivables were receivables from a few independent third parties.

### (a) Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2023: 30 to 90 days) to its customers. The ageing analysis of the Group's trade receivables presented (net of allowances) based on invoice date as at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	441	14,138
31 – 60 days	1,615	10,201
61 – 90 days	6,110	5,707
91 – 180 days	18,209	4,952
181 – 365 days	7,568	11,917
Over 365 days	4,408	–
	<b>38,351</b>	<b>46,915</b>

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of each individual group entity:

	2024 HK\$'000	2023 HK\$'000
Renminbi	313	1,000
United States Dollars	38,038	45,915
	<b>38,351</b>	<b>46,915</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 21. TRADE RECEIVABLES, CONTRACT ASSETS AND OTHER RECEIVABLES (continued)

Notes: (continued)

### (b) Contract assets

Amounts relating to contract assets are balances due from customers under sales of fashion accessories products. The Group have recognised a contract asset for any goods delivered. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customers.

(c) Movements in loss allowance account in respect of trade receivables and contract assets during the years are as follows:

	Trade receivables HK\$'000	Contract assets HK\$'000	Total HK\$'000
As at 1 April 2022	3,744	–	3,744
Impairment loss recognised	2,040	1	2,041
As at 31 March 2023 and 1 April 2023	<b>5,784</b>	<b>1</b>	<b>5,785</b>
Impairment loss recognised/(reversed)	<b>(1,131)</b>	<b>(1)</b>	<b>(1,132)</b>
As at 31 March 2024	<b>4,653</b>	–	<b>4,653</b>

Other than the above allowances, the Group did not provide any allowances on the remaining past due receivables as, in the opinion of the Directors, there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

### (d) Other receivables

Movements in loss allowance account in respect of other receivables during the years are as follows:

	2024 HK\$'000	2023 HK\$'000
As at 1 April	174	167
Impairment loss (reversed)/recognised	<b>(158)</b>	7
As at 31 March	<b>16</b>	174

Other than the above allowances, the Group did not provide any allowances on the remaining past due receivables as, in the opinion of the Directors, there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

Furthermore, in the opinion of the Directors, there has not been a significant change in credit quality of the Group's other receivables which are neither past due nor impaired and the amounts are still considered recoverable.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 22. CASH AND BANK BALANCES

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	48,282	18,886

As at 31 March 2024, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.875% (2023: 0.001% to 0.300%) per annum.

The Group's cash and bank balances denominated in RMB which is not a freely convertible currency in the international market and the remittance of RMB out of the PRC is subject to exchange restrictions imposed by the Government of the PRC in respect of the relevant group companies were as follows:

	2024 HK\$'000	2023 HK\$'000
Currency: RMB	15,132	476

## 23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	1,636	6,574
Other tax payables	3,138	3,108
Payrolls and staff cost payables	1,422	360
Other payables and accruals	2,759	2,182
	8,955	12,224

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit term of 30 to 90 days (2023: 30 to 90 days).

The ageing analysis of the Group's trade payables presented based on invoice date as at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 3 months	1,627	6,148
More than 3 month less than 1 year	–	251
Over 1 year	9	175
	1,636	6,574

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 24. CONTRACT LIABILITIES

The Group has recognised the following revenue - related contract liabilities:

	2024 HK\$'000	2023 HK\$'000
As at 1 April	411	1,153
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(12,526)	(1,153)
Increase in contract liabilities as a result of receipt in advance of sales of fashion accessories products	18,061	411
As at 31 March	5,946	411

*Note:*

The deposits of the Group receives on sales of fashion accessories products remains as a contract liability until the date deliver products to customers and are expected to be utilised within one year.

## 25. AMOUNTS DUE TO A DIRECTOR

	2024 HK\$'000	2023 HK\$'000
Amounts due to a director (note a)	1,299	–

*Note*

(a) As at 31 March 2024, the amount due to the Group's director, Mr. Tse Hoi Chau, is unsecured, non-interest bearing and have no fixed repayment term.

## 26. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY

The amounts due to immediate holding company is unsecured, non-interest bearing and have no fixed repayment term.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 27. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of year	210	727
Additions	8,861	319
Effect of lease modification	–	(394)
Interest expense	129	25
Payments during the year	(200)	(426)
Exchange adjustments	(13)	(41)
At the end of year	8,987	210
Lease liabilities payable		
Within one year	3,093	168
More than one year but less than five years	5,894	42
	8,987	210
Less: Amounts for settlement within 12 months shown under current liabilities	(3,093)	(168)
Amounts due for settlement after 12 months shown under non-current liabilities	5,894	42

## 28. SHARE CAPITAL

	Number of ordinary shares HK\$0.05 each	Amount HK\$'000
<b>Authorised:</b>		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	6,000,000,000	300,000
<b>Issued and fully paid:</b>		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,103,968,000	55,198

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 29. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of government-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under the schemes.

The Group participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. For member of the MPF Scheme, the Group contributes 5% or HK\$1,500 in maximum of relevant payroll costs to the scheme, which contribution is matched by employees. As at 31 March 2024, the Group was not entitled to any forfeited contributions to reduce its future contributions (2023: Nil).

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the current and prior years are disclosed in Note 10.

## 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS

### 2008 SHARE OPTION SCHEME

The Company has a share option scheme which were adopted on 23 April 2008 whereby the Directors are authorised, at their discretion, to invite directors (including executive, non-executive and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers for the Group, to take up options at nominal consideration to subscribe for shares of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the schemes shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the schemes, unless the Company obtains a fresh approval from its shareholders. Notwithstanding this, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the schemes shall not exceed 30% of the total number of shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to any individual in any 12-month period shall not exceed 1% of the total number of shares in issue at any point in time, without prior approval from the Company's shareholders. Options granted to any individual who is a substantial shareholder of the Company or independent non-executive director or any of their respective associates in the 12-month period up to and including date of such grant in excess of 0.1% of the Company's share capital at the date of grant and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Options granted under the share option scheme must be taken up within 28 days of the date of grant upon payment of HK\$1 per grant of option. Options may generally be exercised at any time during the period after the options have been granted, such period to expire not later than 10 years after the date of the grant of the options. The subscription price for shares will not be less than the higher of (i) the closing price of the Company's shares on the date of options granted; (ii) the average closing price of the Company's shares for the 5 business days immediately preceding the date of options granted; and (iii) the nominal value of the Company's share.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

### 2019 SHARE OPTION SCHEME

The Company adopted a new share option scheme on 26 August 2019 (the “2019 Share Option Scheme”). The purpose of the 2019 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing value of the Company and its shares for the benefits of the Company and the shareholders of the Company as a whole. The 2019 Share Option Scheme was adopted for a period of 10 years commencing from 26 August 2019.

The movements of the options granted during the current and prior years are as follows:

Name of category of participant	Particulars	Date of grant	Exercise price HK\$	Exercise period	As at beginning of the year	Addition during the year	Lapsed during the year	As at end of the years
<b>Year ended 31 March 2024</b>								
<b>Directors</b>								
Mr. Tse Hoi Chau	<i>Note (a)</i>	15 July 2020	0.197*	15 July 2020 to 14 July 2023	11,000,000	-	(11,000,000)	-
Mr. Tse Kin Lung	<i>Note (a)</i>	15 July 2020	0.197*	15 July 2020 to 14 July 2023	11,000,000	-	(11,000,000)	-
Ms. Yu Zhonglian	<i>Note (a)</i>	15 July 2020	0.197*	15 July 2020 to 14 July 2023	11,000,000	-	(11,000,000)	-
<b>Others</b>								
- Consultants	<i>Note (a)</i>	15 July 2020	0.197*	15 July 2020 to 14 July 2023	71,000,000	-	(71,000,000)	-
- Employees	<i>Note (a)</i>	15 July 2020	0.197*	15 July 2020 to 14 July 2023	6,200,000	-	(6,200,000)	-
					<b>110,200,000</b>	<b>-</b>	<b>(110,200,000)</b>	<b>-</b>
Weighted average exercise prices					<b>0.1970</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

The movements of the options granted during the current and prior years are as follows: *(continued)*

Name of category of participant	Particulars	Date of grant	Exercise price HK\$	Exercise period	As at beginning of the year	Addition during the year	Lapsed during the year	As at end of the years
<b>Year ended 31 March 2023</b>								
<b>Directors</b>								
Mr. Tse Hoi Chau	<i>Note (a)</i>	15 July 2020	0.197 <sup>#</sup>	15 July 2020 to 14 July 2023	11,000,000	-	-	11,000,000
Mr. Tse Kin Lung	<i>Note (a)</i>	15 July 2020	0.197 <sup>#</sup>	15 July 2020 to 14 July 2023	11,000,000	-	-	11,000,000
Ms. Yu Zhonglian	<i>Note (a)</i>	15 July 2020	0.197 <sup>#</sup>	15 July 2020 to 14 July 2023	11,000,000	-	-	11,000,000
<b>Others</b>								
- Consultants	<i>Note (a)</i>	15 July 2020	0.197 <sup>#</sup>	15 July 2020 to 14 July 2023	71,000,000	-	-	71,000,000
- Employees	<i>Note (a)</i>	15 July 2020	0.197 <sup>#</sup>	15 July 2020 to 14 July 2023	6,200,000	-	-	6,200,000
					110,200,000	-	-	110,200,000
Weighted average exercise prices					0.1970	-	-	0.1970

<sup>#</sup> Adjustments were made to the exercise price and the number of Shares entitled to be issued upon full exercise of the share options as a result of the Share Consolidation became effective on 11 September 2020. The exercise price of the share options was adjusted from HK\$0.0394 per Share to HK\$0.197 per Share.

*Note:*

- a. Pursuant to the Company's announcement on 15 July 2020, a total of 551,000,000 share options to subscribe for ordinary shares of HK\$0.01 each of the Company were granted to eligible participants, including the directors and employees of the Company and the consultants under the share option scheme adopted by the Company on 23 April 2008. Details of the share options granted are as follows:

Date of grant:	15 July 2020
Exercise price of share options granted:	HK\$0.0394 per share
Number of share options granted:	551,000,000 share options
Closing price of the share on the date of grant:	HK\$0.0390
Exercise periods:	15 July 2020 to 14 July 2023



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

*Note: (continued)*

a. *(continued)*

Each of the share option shall entitle the holder of the share option to subscribe for one share upon exercise of such share option at an exercise price of HK\$0.0394 per share, which represents the higher of (i) the closing price of HK\$0.0390 per share as stated in the daily quotations sheet issued by the Stock Exchange on 15 July 2020, being the date of grant (the "Date of Grant 2020"); (ii) the average closing price of HK\$0.0394 per share as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the Date of Grant 2020; and (iii) the nominal value of the share of HK\$0.01 each in the capital of the Company.

As at 31 March 2023, the outstanding options granted on 15 July 2020 had an exercise price of HK\$0.1970, after the adjustment of Share Consolidation and a weighted average remaining contractual life of 0.29 year.

No share options were exercised during the current year. Each option holder is entitled to subscribe for one ordinary share in the Company.

The fair values of share options granted on 15 July 2020 were determined by the Directors with reference to a valuation performed by an independent firm of professionally qualified valuers, Royson Valuation Advisory Limited. No liabilities were recognised due to these equity-settled share-based payment transactions.

The fair values of the share options granted which are existed during the year was measured based on the binomial option pricing model. The inputs into the model were as follows:

Granted on	15 July 2020
Fair value per share option at measurement date (HK\$)	
– Directors	HK\$0.017
– Employees	HK\$0.016
– Consultants	HK\$0.016
Exercise price (HK\$)	HK\$0.0394
Expected volatility (%)	70.40%
Expected option period (Years)	3 years
Rick-free rate (based on Hong Kong Exchange Fund Notes) (%)	0.094%
Expected dividend yield (%)	0%
Fair value	8,976,000

Granted on	9 July 2015	9 July 2015	27 November 2015	27 November 2015
Tranche	K	L	M	N
Fair value per share option at measurement date (HK\$)				
– Directors	HK\$0.079	HK\$0.082	N/A	N/A
– Employees	HK\$0.072	HK\$0.076	HK\$0.071	HK\$0.075
– Consultants	HK\$0.072	HK\$0.076	HK\$0.071	HK\$0.075
Exercise price (HK\$)	HK\$0.147	HK\$0.147	HK\$0.1488	HK\$0.1488
Expected volatility (%)	88.18%	88.18%	88.81%	88.81%
Expected option period (Years)	5 years	4 years	5 years	4 years
Rick-free rate (based on Hong Kong Exchange Fund Notes) (%)	1.129%	1.129%	1.053%	1.053%
Expected dividend yield (%)	0%	0%	0%	0%
Fair value	2,368,000	2,462,000	9,105,000	9,627,000

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

*Note: (continued)*

a. *(continued)*

The expected volatility was based on the historical volatility of the share price of the Company and comparable companies. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Changes in the subjective input assumptions could materially affect the fair value estimate.

As at 31 March 2024, the Company had nil (2023: 110,200,000) share options outstanding under the share option scheme. The exercise in full of the remaining share options under the present capital structure of the Company, would not result in issue of additional ordinary shares of the Company (2023: 110,200,000) and additional share capital (2023: HK\$1,102,000) and share premium (2023: HK\$16,199,400) (before the cost of issuance).

## 31. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

### a. Balances with related parties

Saved as disclosed in these consolidated financial statements, in the opinion of the Directors, the Group did not have any other significant balances with the related parties as at the end of the reporting period.

### b. Key management personnel remuneration

During the years ended 31 March 2024 and 2023, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits:		
Salaries and other benefits	315	489
Post-employment benefits:		
Retirement benefit scheme contributions	4	25
	<b>319</b>	<b>514</b>

Details of related party transactions of the Group are set out in Note 31 to the consolidated financial statements. None of the related party transactions disclosed in Note 31 in the notes to the consolidated financial statements constitute connected transaction or continuing connected transaction (as defined in Chapter 14A of the Listing Rules) of the Company for the years ended 31 March 2024 and 2023. Accordingly, the Company has complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>NON-CURRENT ASSET</b>			
Interests in subsidiaries		<b>2,083</b>	8,908
Right-of-use assets		<b>6,618</b>	–
		<b>8,701</b>	8,908
<b>CURRENT ASSETS</b>			
Cash and bank balances		<b>1,222</b>	625
Deposit paid		<b>2,805</b>	288
		<b>4,027</b>	913
<b>CURRENT LIABILITY</b>			
Other payables		<b>795</b>	926
Lease liabilities		<b>2,450</b>	–
		<b>3,245</b>	926
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>782</b>	(13)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,483</b>	8,895
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>4,639</b>	–
		<b>4,639</b>	–
<b>NET ASSETS</b>		<b>4,844</b>	8,895
<b>EQUITY</b>			
Share capital		<b>55,198</b>	55,198
Reserves	<i>a</i>	<b>(50,354)</b>	(46,303)
<b>TOTAL EQUITY</b>		<b>4,844</b>	8,895

Approved and authorised for issue by the board of directors on 26 June 2024.

**Chen Long**  
Director

**Chen Shaojia**  
Director

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note a:

### Deficits of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000 (Note)	Share-based payment capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2022	913,906	136,624	8,976	(1,104,129)	(44,623)
Loss and total comprehensive expense for the year	–	–	–	(1,680)	(1,680)
As at 31 March 2023 and 1 April 2023	<b>913,906</b>	<b>136,624</b>	<b>8,976</b>	<b>(1,105,809)</b>	<b>(46,303)</b>
Loss and total comprehensive expense for the year	–	–	–	(4,051)	(4,051)
Lapse of share options	–	–	(8,976)	8,976	–
<b>As at 31 March 2024</b>	<b>913,906</b>	<b>136,624</b>	<b>–</b>	<b>(1,100,884)</b>	<b>(50,354)</b>

Note:

The contributed surplus of the Company represented the difference between the underlying net tangible assets of the subsidiaries acquired by the Company, nominal value of the share capital issued by the Company at the time of the reorganisation of the Group in 2008, and compensation received from Mr. Tse in respect of a profit guarantee in 2022.

## 33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes net of cash and cash equivalents and total equity of the Company, comprising issued share capital and reserves.

The management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through new share issues as well as raising of new borrowings.

The gearing ratio at the end of reporting period was as follows:

	2024 HK\$'000	2023 HK\$'000
Total liabilities	<b>37,079</b>	23,926
Equity	<b>113,130</b>	130,369
Gearing ratio	<b>32.8%</b>	18.3%

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. CAPITAL MANAGEMENT (continued)

### a. Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets measured at amortised cost		
– Trade receivables, contract assets and other receivables (exclude prepayments)	42,117	64,241
– Cash and bank balances	48,282	18,886
	<b>90,399</b>	83,127
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	8,955	12,224
– Amount due to a director	1,299	–
– Amount due to immediate holding company	676	–
– Lease liabilities	8,987	210
	<b>19,917</b>	12,434

### b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, contract assets and other receivables exclude prepayments, cash and bank balances, trade and other payables and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### c. Market risk

The Group's activities expose it primarily to the market risks including foreign currency risk.

#### Foreign currency risk management

Foreign currency risk is the risk that the holding of monetary assets and liabilities and entering into transactions denominated in foreign currencies which will affect the Group's financial position and performance as a result of a change in foreign currency exchanges rates. At the end of the financial years, certain trade and other receivables, cash and bank balances and trade and other payables of the Group are denominated in or linked to foreign currencies, details of which are set out in respective notes, expose the Group to foreign currency risk.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. CAPITAL MANAGEMENT (continued)

### c. Market risk (continued)

#### Foreign currency risk management (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods are as follows:

	2024 HK\$'000	2023 HK\$'000
Assets		
US\$	5,699	63,569
RMB	86,542	18,649
Euro	–	7
Liabilities		
RMB	18,814	7,631
Net assets		
US\$	5,699	63,569
RMB	67,728	11,018
EUR	–	7

As HK\$ is linked to US\$, the Group does not have material exchange rate risk on such currency. Thus, the Group is mainly exposed to the currency risk of RMB and EUR.

The following table demonstrates the sensitivity analysis of the carrying amounts of significant outstanding monetary assets and monetary liabilities denominated in RMB and EUR at the end of reporting period if there was a 5% change in the exchange rate of the HK\$ against RMB and EUR, with all other variables held constant, of the Group's post-tax loss. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Increase/ (decrease) in RMB rate %	2024 Increase/ (decrease) in loss HK\$'000	2023 Increase/ (decrease) in loss HK\$'000
If HK\$ weakens against RMB	5	3,386	551
If HK\$ strengthens against RMB	(5)	(3,386)	(551)

	Increase/ (decrease) in EUR rate %	2024 Increase/ (decrease) in loss HK\$'000	2023 Increase/ (decrease) in loss HK\$'000
If HK\$ weakens against EUR	5	–	–
If HK\$ strengthens against EUR	(5)	–	–

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures do not reflect the exposure during the year ended 31 March 2024. The analysis is performed on the same basis in 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. CAPITAL MANAGEMENT *(continued)*

### d. Credit risk management

As at 31 March 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At the end of reporting period, the Group has a certain concentration of credit risk as 46% (2023: 46%) and 93% (2023: 93%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively within the Integrated Fashion Accessories Business segment. In order to minimise the credit risk, the management continuously monitor the level of exposure to ensure that follow up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk on the remaining trade receivables, with exposure spread over a number of counterparties and customers.

The amounts presented in the consolidated statement of financial position are net of ECL allowances for receivables, if any, estimated by the Directors based on prior experience and adjustment of forward-looking factors. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. CAPITAL MANAGEMENT (continued)

### d. Credit risk management (continued)

#### (a) Trade receivables and contract assets

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
<b>As at 31 March 2024</b>			
Current	1.10%	7,340	81
0 – 30 days past due	2.72%	4,496	122
31 – 60 days past due	5.51%	6,426	373
61 – 365 days past due	16.47%	24,739	4,074
Over 1 year past due	100%	3	3
		<b>43,004</b>	<b>4,653</b>
<b>As at 31 March 2023</b>			
Current	0.40%	30,433	121
0 – 30 days past due	2.50%	1,196	30
31 – 60 days past due	7.70%	2,235	172
61 – 365 days past due	16.10%	12,519	2,015
Over 1 year past due	53.11%	6,490	3,447
		<b>52,873</b>	<b>5,785</b>

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

#### (b) Other receivables

The ECLs of other receivables are based on the 12-month ECLs that results from default events that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since its initial recognition, the loss allowance will be based on life-time ECLs. When determining whether the credit risk has been increased significantly since its initial recognition, the Group considers reasonable and supportable information that is relevant, including both quantitative and qualitative information and analysis with reference to the Group's historical experience and informed credit assessment with forward-looking information. As at 31 March 2024, accumulated impairment loss on other receivables have been recognised at approximately of HK\$16,000 (2023: HK\$174,000).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. CAPITAL MANAGEMENT (continued)

### e. Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level 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. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Group's operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has 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.

	Weighted average interest rate %	On demand or within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>At 31 March 2024</b>					
Trade and other payables	–	5,817	–	5,817	5,817
Amount due to a director	–	1,299	–	1,299	1,299
Amount due to immediate holding company	–	676	–	676	676
Lease liabilities	5.64%	3,728	6,287	10,015	8,987
Other tax payables	–	3,138	–	3,138	3,138
		<b>14,658</b>	<b>6,287</b>	<b>20,945</b>	<b>19,917</b>
<b>At 31 March 2023</b>					
Trade and other payables	–	9,116	–	9,116	9,116
Lease liabilities	4.72%	197	46	243	210
Other tax payables	–	3,108	–	3,108	3,108
		12,421	46	12,467	12,434

### f. Fair value measurement of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 34. SUBSIDIARIES

The following list contains the particular of the Company's subsidiaries as at 31 March 2024, all are private limited liability company and the class of shares held is ordinary unless otherwise stated:

Name of company	Place of incorporation/ establishment	Place of operation	Percentage of equity attributable to the Company		Proportion of voting power held by the Company		Issued and fully paid-up/ registered capital	Principal activities
			2024	2023	2024	2023		
<b>Directly held by the Company</b>								
Artist Star International Development Limited	British Virgin Islands ("BVI")	Hong Kong	100	100	100	100	1,000 ordinary shares of US\$1 each	Investment Holding
<b>Indirectly held by the Company</b>								
Artini International Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$300,000	Inactive
Artini Sales Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$10,000	Inactive
China Regent Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$1	Operation of online platforms
China Traditional Medicine Group Co., Limited (formerly known as Q'ggle Biotech Development Limited)	Hong Kong	Hong Kong	100	100	100	100	HK\$100	Operation of online platforms
Gain Trade Enterprise Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$100	Provision of management services
Gentleman Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$10,000	Inactive
Instar International Company Limited	BVI	Hong Kong	100	100	100	100	100 ordinary shares of US\$1 each	Investment holding
JCM Holding Limited	BVI	Hong Kong	100	100	100	100	500 ordinary shares of US\$1 each	Investment holding
King Erich International Development Limited	BVI	Hong Kong	100	100	100	100	300 ordinary shares of US\$1 each	Investment holding
Riccardo International Trading Limited	BVI	Hong Kong	100	100	100	100	700 ordinary shares of US\$1 each	Investment holding
Shenzhen Link Vision Information Technology Co, Ltd (note (a))	The PRC	The PRC	-	100	-	100	HK\$200,000,000	Retailing of fashion accessories
Primeview Technology Limited	Hong Kong	The PRC	100	100	100	100	HK\$170,000	Inactive
Best Sign Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US\$1 each	Inactive
Guangzhou Artini Technology Limited (note (a))	The PRC	The PRC	100	100	100	100	CNY\$1,000,000	Operation of online platforms
Magic B2B Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$100,000	Operation of online platforms
Traditional Medicine Health Technology (Shenzhen) Limited (formerly known as Artini Health (Guangzhou) Limited) (note (a))	The PRC	The PRC	100	-	100	-	CNY\$50,000,000	Operation of online platforms

### Notes:

- These entities are wholly owned foreign enterprises established in the PRC. The English translation of the Company names is for reference only. The official names of these companies are in Chinese.
- None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 35. NOTES SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities:

	<b>Lease liabilities</b> <i>(Note 17)</i> HK\$'000
At 1 April 2023	727
Changes from cash flows:	
Principal elements of lease payment	(405)
Interest paid on lease liabilities	(25)
<b>Total changes from financing cash flows:</b>	<b>(430)</b>
Other changes:	
Interest expenses on lease liabilities	25
Addition of lease liabilities	321
Effect of lease modification	(395)
Exchange adjustments	(38)
<b>Total other changes</b>	<b>(87)</b>
At 31 March 2023 and 1 April 2023	210
Changes from cash flows:	
Principal elements of lease payment	<b>(335)</b>
Interest paid on lease liabilities	<b>(129)</b>
Increase in amount due to a Director	<b>1,299</b>
Increase in amount due to immediate holding company	<b>676</b>
<b>Total changes from financing cash flows:</b>	<b>1,511</b>
Other changes:	
Interest expenses on lease liabilities	<b>129</b>
Addition of lease liabilities	<b>8,861</b>
Exchange adjustments	<b>(13)</b>
<b>Total other changes</b>	<b>8,977</b>
At 31 March 2024	<b>8,987</b>