

Ocean Star Technology Group Limited
海納星空科技集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8297)

2024 / 25 | Annual Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

- Mr. Jiao Dejun (*Chairman*) (appointed as executive director on 1 December 2025 and appointed as chairman on 19 December 2025)
- Mr. Sun Tian (*Chairman*) (appointed as executive director on 24 April 2024, appointed as chairman on 10 September 2024 and resigned as chairman on 19 December 2025)
- Mr. Zheng Sihui (*Chairman*) (resigned on 10 September 2024)
- Mr. Hu Yanhui (*Chief Executive Officer*) (appointed on 4 November 2025)
- Ms. Chen Lizhu (*Chief Executive Officer*) (resigned as chief executive officer and remained as executive director on 18 March 2025; and resigned as executive director on 15 October 2025)
- Mr. Xu Xue
- Mr. Liu Jiawei (appointed on 4 November 2025)
- Ms. Zhou Ying (appointed on 3 February 2025 and resigned on 15 October 2025)
- Mr. Yang Mingyuan (appointed on 15 January 2025 and resigned on 15 October 2025)
- Ms. Yang Xueling (appointed on 10 September 2024 and resigned on 19 December 2025)
- Mr. Cheng Chok Yan (appointed on 29 July 2024 and resigned on 21 October 2024)
- Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)

Non-Executive Director

- Mr. Shi Zhu (appointed on 27 December 2024 and resigned on 15 October 2025)

Independent Non-Executive Directors

- Mr. Tong Zhu
- Ms. Li Tiejing (appointed on 1 December 2025)
- Mr. Li Hongwei (appointed on 1 December 2025)
- Mr. Hong Sze Lung (appointed on 25 August 2025)
- Mr. Lai Kim Fung (resigned on 1 December 2025)
- Mr. Han Zhenghai (appointed on 15 January 2025 and resigned on 15 October 2025)
- Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)
- Mr. Tang Yiu Kay (resigned on 27 December 2024)

BOARD COMMITTEES

Audit Committee

- Mr. Hong Sze Lung (*Chairman*) (appointed on 25 August 2025)
- Ms. Mo Li (*Chairman*) (appointed on 27 December 2024 and resigned on 10 July 2025)
- Mr. Tang Yiu Kay (*Chairman*) (resigned on 27 December 2024)
- Mr. Tong Zhu
- Ms. Li Tiejing (appointed on 1 December 2025)
- Mr. Lai Kim Fung (resigned on 1 December 2025)
- Mr. Han Zhenghai (appointed on 3 February 2025 and resigned on 15 October 2025)

Nomination Committee

- Ms. Li Tiejing (*Chairman*) (appointed on 1 December 2025)
- Mr. Lai Kim Fung (*Chairman*) (resigned on 1 December 2025)
- Mr. Tong Zhu
- Mr. Xu Xue
- Mr. Han Zhenghai (appointed on 3 February 2025 and resigned on 15 October 2025)
- Mr. Yang Mingyuan (appointed on 3 February 2025 and resigned on 15 October 2025)
- Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)
- Ms. Chen Lizhu (appointed on 8 May 2024 and resigned on 15 October 2025)
- Mr. Tang Yiu Kay (resigned on 27 December 2024)
- Mr. Chiu G Kiu Bernard (resigned on 8 May 2024)

Remuneration Committee

Ms. Li Tiejing (*Chairman*)
(appointed on 1 December 2025)
Mr. Lai Kim Fung (*Chairman*)
(resigned on 1 December 2025)
Mr. Tong Zhu
Mr. Xu Xue
Mr. Han Zhenghai (appointed on 3 February 2025 and
resigned on 15 October 2025)
Mr. Yang Mingyuan (appointed on 3 February 2025 and
resigned on 15 October 2025)
Ms. Mo Li (appointed on 27 December 2024 and
resigned on 10 July 2025)
Ms. Chen Lizhu (appointed on 8 May 2024 and resigned
on 15 October 2025)
Mr. Tang Yiu Kay (resigned on 27 December 2024)
Mr. Chiu G Kiu Bernard (resigned on 8 May 2024)

AUTHORISED REPRESENTATIVES

Mr. Xu Xue
Mr. Sun Tian (appointed on 21 October 2024)
Mr. Cheng Chok Yan (appointed on 29 July 2024 and
resigned on 21 October 2024)
Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)

COMPLIANCE OFFICER

Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)

COMPANY SECRETARY

Ms. Lee Hiu Tung (appointed on 25 August 2025)
Mr. Choi Pun Lap (appointed on 25 November 2024 and
removed on 11 April 2025)
Mr. Lee Kun Yin (appointed on 8 November 2024 and
resigned on 15 September 2025)
Mr. Cheng Chok Yan (appointed on 29 July 2024 and
resigned on 21 October 2024)
Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1606D&E, 16/F.
Kai Tak Commercial Building
317-319 Des Voeux Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

GEM STOCK CODE

8297

WEBSITE

www.bodibra.com

Chairman's Statement

On behalf of the board of directors (the “**Board**”) of Ocean Star Technology Group Limited (the “**Company**”), I am pleased to announce the audited annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2025 (the “**Year**” or “**reporting period**”).

The past 12 months have been very challenging for the Group and our industry as we navigate a local economy facing ongoing difficulties, including inflation and various economic factors. In response to these conditions, the Group has adopted a prudent approach to managing daily expenses, maintaining robust business strategies, ensuring that we maintain operational efficiency while addressing the uncertainties in the market. This proactive approach aims to enhance our business performance and reaffirm our position in the competitive market. We will continue to explore appropriate investment opportunities and expand our sales network coverage that align with our core business objectives, allowing us to strengthen and diversify our offerings.

On 24 June 2024, an aggregate of 41,832,500 shares were successfully placed at HK\$0.1 per Share to not less than six places with net proceeds of approximately HK\$4.0 million. The Company has fully utilised the use of proceeds for (1) the development of great health business; (2) the operation and business enhancement of lingerie products segment; and (3) general working capital.

On 30 December 2024, an aggregate of 215,500,000 shares were successfully placed at HK\$0.04 per Share to not less than six places with net proceeds of approximately HK\$8.36 million. The Company has fully utilised the use of proceeds for (1) future investment opportunities; (2) repayment of other payables; and (3) general working capital.

Overall, the Board believes that the fund raising activities in the past 12 months have helped the Group to (a) settle some of the Group's indebtedness; (b) strengthen the financial position of the Group; (c) support its business operations; and (d) enable the Group to participate in certain investment opportunities. The Board believes 2025/26 will be a better year for the Group due to its improved financial position and more promising business environment and opportunities.

During the Year, the Group's turnover was HK\$29.5 million and gross profit was approximately HK\$23.7 million with a gross profit margin of approximately 80.3%. Loss for the year amounted to approximately HK\$30.0 million. The Board does not recommend the payment of a final dividend for the year ended 31 March 2025.

Looking ahead, it is expected that the Hong Kong retail market remains challenging, and it will continue to be affected by the continuous weak retail sentiment in the near term. The Group will closely monitor the trend of the business environment, maintain pragmatic approach for its business and take every chance to identify any suitable opportunities in the market for the Group. The Group will be cautious to the current market environment, making timely adjustments to its business strategy, continuously enhancing the quality of its core products, optimising the product mix, and exercising strict control over costs to improve overall operational efficiency. The Group aims to consolidate and enhance its local lingerie business while expanding into the lingerie market in Mainland China. The Group will continue to seek acquisition or investment opportunities in order to enhance the value of our business.

The Group will continue, in the best interests of the Company and the Shareholders as a whole, endeavor fund-raising alternatives to strengthen the capital base and support the continuing growth of the Company. Overall, the Board considered that the Company has a viable and sustainable business with a sufficient level of operations and assets to support its operations to meet requirement of the GEM Listing Rules.

Chairman's Statement (continued)

Last but not least, I would like to take this opportunity to express my sincere gratitude to the Board and all employees for their dedication and contribution, as they have remained steadfast, diligently performing their duties and advancing alongside the Group despite the challenges and hardships in recent years. I would also like to extend my special thanks to our shareholders and customers for their long-term trust and support. The Group will continue to work hard and forge ahead, making valuable contributions to our shareholders and all stakeholders in society.

Jiao Dejun

Chairman and Executive Director

27 February 2026

Management Discussion and Analysis

BUSINESS REVIEW

The Group is one of the leading retailers of lingerie with shaping functions in Hong Kong and with production facility in the People's Republic of China (the "PRC") and Hong Kong. During the year ended 31 March 2025 and up to the date of this report, the Group is principally engaged in the designing, manufacturing and sales of core lingerie products under the core brand of "Bodibra". The Group principally offers a wide range of the Group's own branded lingerie that are designed with shaping functions which aim to achieve better body appearances, including bras and panties, body shaping underwear and chest support vests. The Group also sells other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands.

The global economy has undergone unusual crises over the past years and further slowed down due to high interest rate and uncertain external risks. The worsening economy has also impacted consumption and market sentiment remained cautious during the Year. The ongoing conflicts in Ukraine and Palestine have created geopolitical uncertainties, disrupted global supply chains and increased costs. High interest rates have further squeezed consumer spending, making it harder for businesses. The newly elected U.S. president's decision to impose tariffs on imports from China has added another layer of complexity. On the other side, the rising trend of cross-border consumption for people in Hong Kong has led to a decrease in local spending, which resulted in a lower demand for shopping activities in Hong Kong.

The economic outlook remains highly volatile due to relatively high interest rates, global political tension and inflationary pressures in 2025, all of which are likely to continue to hinder global growth and consumption activities. The weak market sentiment has a negative impact on our results of financial performance which leads to decline in revenue this Year. In response to market fluctuations and uncertainties, the Group has proactively tried to enlarge its customer base through various advertising and marketing channels with better product quality.

Meanwhile, traveling northbound from Hong Kong to the Greater Bay Area is becoming increasingly popular for Hong Kong residents. With the change in customers' consumption pattern and lifestyle, local consumption has decreased inevitably. The Group will continue to monitor its marketing activities in order to strength communication with potential customers and look for other potential business opportunities. The Group will also continue its prudent and flexible approach in managing its financial position.

In view of the weak retail consumer market, the Group will continue to optimise its lingerie stores network coverage in order to further enhance the overall operational efficiency.

PROSPECTS

As mentioned in the "Chairman's Statement" section, the Directors foresee that the Hong Kong retail market remains challenging, retail market would continue to be affected by the continuous weak retail sentiment in the near term. The Group will closely monitor the trend of the business environment, maintain pragmatic approach for its business and take every chance to identify any suitable opportunities in the market for the Group. The Group will continue to concentrate on the consolidation of its retail network, optimisation of product mix and intensification of cost control, and will also continue to seize opportunities to stabilise growth through cautious strategic planning. The Group will continue to improve operational efficiency and actively optimise its existing resources in order to enhance its profitability and core competitiveness. The Group will strive to maintain steady growth and to maximise returns for the investors.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2025, the Group's revenue principally derived from sales of lingerie products of approximately HK\$29.5 million, representing a decrease of approximately 23.8% as compared to previous financial year. Details of the Group's segmental information is set out in note 8 to the consolidated financial statements. The total revenue of the Group decreased from approximately HK\$41.2 million for the year ended 31 March 2024 to approximately HK\$29.5 million for the year ended 31 March 2025 as a result of weak retail sales of lingerie products caused by the weak consumer sentiment in Hong Kong.

Cost of Sales and Gross Profit

The Group's cost of sales recorded approximately HK\$5.8 million for the year ended 31 March 2025, representing a decrease of approximately 47.3% compared with the cost of sales of approximately HK\$11.0 million for the year ended 31 March 2024. The decrease in cost of sales was primarily due to the decrease in staff costs and the costs of materials as a result of the decrease in the quantity of lingerie products sold.

The gross profit decreased by approximately 21.3% from approximately HK\$30.1 million for the year ended 31 March 2024 to approximately HK\$23.7 million for the year ended 31 March 2025.

Selling Expenses

The Group's selling expenses decreased by approximately HK\$7.9 million from approximately HK\$20.2 million for the year ended 31 March 2024 to approximately HK\$12.3 million for the year ended 31 March 2025, which was mainly due to the decrease in staff costs and depreciation of right-of-use assets in relation to rental of retail shops.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately HK\$7.9 million from approximately HK\$27.8 million for the year ended 31 March 2024 to approximately HK\$35.7 million for the year ended 31 March 2025, which was primarily due to the net effect of the increase in legal and professional fee and directors' remuneration and decrease in staff costs.

Loss before Tax

As a result of the foregoing, the Group recorded a loss before tax of approximately HK\$30.0 million for the year ended 31 March 2025 compared with a loss before tax of approximately HK\$27.0 million for the year ended 31 March 2024, which was mainly due to increase in impairment loss on property, plant and equipment and impairment assessment on loan receivables and other receivables and deposits.

Income Tax Expense

No income tax expense provided for the year ended 31 March 2025 (2024: approximately HK\$179,000).

Loss for the Year

As a result of the cumulative effect of the above factors, the Group had recorded a loss for the year of approximately HK\$30.0 million for the year ended 31 March 2025, compared with a loss for the year of approximately HK\$27.2 million for the year ended 31 March 2024.

Management Discussion and Analysis (continued)

Other Business Segment – Money Lending Business

The Group's money lending business was conducted through its indirect wholly-owned subsidiary, Chuang Ming Services Limited, to grant loans to corporate entities. The money lending business under other business segment is regulated under the Money Lenders Ordinance. The Group strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

As at 31 March 2025, the Group had loans receivable of approximately HK\$3.7 million (2024: approximately HK\$10.3 million) with gross principal amount of approximately HK\$4.3 million (2024: approximately HK\$8.4 million), related gross interest receivables carrying amount of approximately HK\$2.5 million (2024: HK\$2.7 million) and net of allowance of ECL of approximately HK\$3.2 million (2024: approximately HK\$0.8 million). As at 31 March 2025 and 2024, the total carrying amount (net of ECL) of the loans accounting for approximately 53.5% and 92.2% respectively of the entire loan portfolio of the Group. For the year ended 31 March 2025, no new loans granted by the Group to corporate entities (2024: 3 unsecured loans). The Group had two corporate entities loans in total (2024: four), all of them are independent third parties to the Group. Two loans were outstanding as at 31 March 2025, with terms ranging from one to two years, representing 100% to the total loans receivable of the Group while the principal amount outstanding from the largest borrower amounted to HK\$3.0 million (representing approximately 82% to the total loans receivable of the Group). The borrowers of the two outstanding loans are private companies incorporated in Hong Kong, with principal businesses including logistics, food & beverage, digital assets trading, and wholesale and retail. No interest income was recorded from loans receivable for the year ended 31 March 2025 (2024: approximately HK\$2.3 million).

For the year ended 31 March 2025, no new loans were granted during this year while the principal amounts of the previous loans are HK\$3.0 million, and the interest rates charged ranged from annual effective rates of 12.0% to 36.0% above Hong Kong Dollar Prime Lending Rate (Prime Rate) as announced by The Hongkong and Shanghai Banking Corporation (HSBC). The loans provided to customers bore floating interest rate ranged from 17.63% to 41.88% (2024: 17.63% to 41.88%) per annum for the year ended 31 March 2025 and were repayable according to the terms of the loan agreements. The determination of these interest rates primarily involved credit analysis, considering factors such as the size and duration of the loans and adherence to the Group's credit policies. The Directors consider that the terms of each of the loans granted are fair and reasonable and in Shareholders' interests.

As at 31 March 2025, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group's loans receivable (the "**loans receivable ECL**"). In assessing the loans receivable ECL of the Group, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the Group's internal assessment of the debtors' credit worthiness, existence and valuation of the collaterals (if any), the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong would be considered. The rate of loans receivable ECL ranged from 4% to 96% depending on the nature, probability of default and loss given default of the loans receivable.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan.

Management Discussion and Analysis (continued)

Various identification documents provided by the loan applicant, which shall be reviewed and assessed. Information such as personal identification documents, corporate constitution documents, business registrations, nature of business and type and value of collateral (for secured loan applications) shall be collected. Each loan applicant shall complete a loan application form with his/her intended loan amount, term, purpose of the loan and repayment plan. The Group has designated a loan manager with relevant experience to perform relevant risk assessment and background check on the potential borrowers before granting the loans (or agreeing to the relevant loan extension, if applicable) by searching the identity and background of the debtors and their ultimate beneficial owner(s) (if applicable). The Group also conducts periodic reviews and evaluations of our lending procedures to assess their effectiveness and adapt them to the evolving risk landscape, including keeping up-to-date with industry best practices and regulatory changes.

The client's background and information such as their creditworthiness, availability of guarantor(s) and quality will then be assessed by the Board. The Board also assesses and decides the necessity and the value of security/collateral (if any) for granting of each loan on a case by case basis considering factors, including but not limited to, results of public search towards the borrower. We collect and verify relevant documentation to ensure responsible lending practice. The Board shall consider whether the loan applications are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole. Whenever the loan transaction constitutes a discloseable transaction or above by assessment of size tests under Chapter 19 of the GEM Listing Rules or involves connected person(s) as defined under Chapter 20 of the GEM Listing Rules, the loan transaction will be reported to the Board for their review and approval.

Compliance procedures are in place to ensure adherence to all relevant laws and regulations such as anti-money laundering (AML), know your customer (KYC) requirements and any applicable lending regulations. All loan applications must be approved by the Board. The proper execution of the loan documentations, contracts and agreement is under the supervision of the director of Chuang Ming Services Limited, who communicate the loan terms clearly to the borrower.

In order to monitor the risks associated with loans receivable, subsequent repayment record of each loan receivable will be closely monitored and periodic reviews on loan portfolio will be conducted by the Group. In the event of failure to repay interest or principal amount by the due date, the Group will issue overdue payment reminders to the relevant borrower, instruct its legal advisers to issue demand letters for loans overdue for a longer period of time, negotiate with the borrower for the repayment or settlement or extension of the loan and/or commences legal actions against the borrower. The Group has maintained proper records throughout loan processes.

The Directors consider that granting the loans was in line with the Company's business strategies to achieve diversification of the Group's business base, increase income sources, enhance the Group's ability to withstand operating adversities, and improve long-term returns for the Group and its shareholders as a whole.

The Directors have also undertaken various assessments prior to granting the relevant loans (or agreeing to the relevant loan extension, if applicable), including but not limited to (a) reviewing the relevant background check results on each of the borrowers covering, among others, the identity of the borrower and its ultimate beneficial owner(s) (if applicable); (b) assessing the requirements for aggregation of transactions and/or any implications on connected transactions in accordance with the applicable GEM Listing Rules; and (c) assessing any implications for notifiable transactions and/or disclosure requirements regarding advance to an entity, based on the size test results with reference to the principal terms of the subject loan agreements and the then financial information of the Company in accordance with the applicable GEM Listing Rules. During the reporting period, the Directors are of the view that none of the aforementioned loan transactions or subsequent extension(s) has constituted (i) a notifiable transaction and/or connected transaction of the Company under Chapters 19 and 20 of the GEM Listing Rules; and/or (ii) an advance to an entity under Rule 17.15 of the GEM Listing Rules subject to the disclosure requirements under Rules 17.16 to 17.18 of the GEM Listing Rules.

Management Discussion and Analysis (continued)

For the year ended 31 March 2025 and 2024, the Group's impairment losses for loan receivables were approximately HK\$2.3 million and HK\$0.8 million respectively. The increase in impairment loss of loan receivables was mainly due to a delayed payment of one of the outstanding loan receivables, for which the Group granted a one-year extension to the debtor. For the loan impairment policy and the basis of impairment assessments for the reporting period, please refer to notes 4 and 5 to the consolidated financial statements. Details of loans receivable are set out in note 25 to the consolidated financial statements.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2025 (2024: Nil).

RESULTS OF FINANCIAL POSITION

The Group's total assets decreased by approximately HK\$18.2 million to approximately HK\$41.2 million as at 31 March 2025 (2024: approximately HK\$59.4 million).

The Group's total liabilities decreased by approximately HK\$1.4 million to approximately HK\$67.1 million as at 31 March 2025 (2024: approximately HK\$68.5 million).

The equity of the Company increased by approximately HK\$16.8 million to approximately HK\$25.9 million as at 31 March 2025 (2024: approximately HK\$9.1 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, the Group had net current liabilities of approximately HK\$26.1 million (31 March 2024: approximately HK\$20.3 million). The Group had cash and bank balances of approximately HK\$0.5 million as at 31 March 2025 (31 March 2024: approximately HK\$5.1 million).

The Group closely monitors the cash flow position to ensure that the Group has sufficient working capital available to fulfill its operational requirement. The Group takes into account the trade receivables, trade payables, cash and bank balances, administrative and capital expenditures to prepare cash flow forecast to forecast the Group's future liquidity.

TREASURY POLICIES

The Group adopts a conservative treasury policy. As financial management, sales proceed from retail stores is deposited to reputable and creditworthy banks weekly to ensure security, liquidity and for meeting future funding requirements.

CAPITAL STRUCTURE

On 24 June 2024, an aggregate of 41,832,500 shares under the general mandate were successfully placed to not less than six individual at the Placing Price of HK\$0.1 per Placing Share. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$4.0 million. Please refer to the announcements of the Company dated 29 May 2024 and 24 June 2024 for further details.

On 30 December 2024, an aggregate of 215,500,000 shares under the general mandate were successfully placed to not less than six individual at the Placing Price of HK\$0.04 per Placing Share. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$8.36 million. Please refer to the announcements of the Company dated 25 November 2024, 17 December 2024, 18 December 2024 and 30 December 2024 for further details.

As at 31 March 2025, the Company's issued share capital was HK\$12,936,470 of HK\$0.01 each and the number of its issued ordinary shares was 1,293,647,000.

Details of changes in the Company's share capital for the year ended 31 March 2025 are set out in note 32 to the consolidated financial statements.

GEARING RATIO

Gearing ratio is calculated based on the net debts divided by total equity at the respective reporting date. As the Group recorded a capital deficiency as at 31 March 2025 and 2024, it is not meaningful to calculate the gearing ratio.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

There was no significant investment held by the Company or material acquisition or disposal of subsidiaries, associated companies or joint ventures made by the Company during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had 43 full-time employees (31 March 2024: 68 full-time employees). The total staff cost amounted to approximately HK\$18.5 million (2024: HK\$23.1 million). Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in Macau and the PRC for its employees in Macau and the PRC. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

(i) Employees of the Group in Hong Kong

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund scheme of the Group (the "**MPF Scheme**"). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions made to the MPF Scheme vest immediately.

(ii) Employees of the Group in Macau

The Group participates social benefit scheme which is Social Security Benefits under the Social Security Fund of Government of the Macau SAR (the "**Macau Scheme**"). The Macau Scheme is the first tier of the two-tier social security system under the Macau SAR Law No. 4/2010 (Social Security System) effective on 1 January 2011. The current social security coverage covers all residents in Macau SAR to allow them to receive basic old-age security. As stipulated in the Executive Order of Macau SAR with effect from 1 January 2017, the contribution amounts for the long-term employee are MOP90 per month (employer's contribution: MOP60, employee's contribution: MOP30). In accordance with the provisions of Macau SAR Law No. 4/2010, the employer can deduct the employee's portion of contributions from his/her wages.

(iii) Employees of the Group in the PRC

Pursuant to the relevant labour rules and regulations in the PRC, employees of the Group in the PRC participated in the central pension scheme (the "**PRC Scheme**"), which is a defined contribution plan administered by the PRC government, whereby the Group is required to make contributions to the PRC Scheme based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. Contributions made to the PRC Scheme vest immediately.

The Group's contributions under the abovementioned defined contribution plans in Hong Kong, Macau and the PRC are expensed as incurred and not reduced by contributions forfeited by those employees who leave the defined contribution plans prior to vesting fully in the contributions.

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, Macau Pataca and Renminbi, being in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy. Management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arises. As at 31 March 2025, the Directors considered the Group's foreign exchange risk remained minimal.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2025, the Group did not have any other mortgage or charge over its assets, except for the pledged bank deposits to secure business credit card of the Group.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in elsewhere in this report, no other material subsequent events undertaken by the Company or by the Group after the reporting period.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE AND USE OF PROCEEDS

Placing completed on 24 June 2024 (the "Placing 1")

Reference is made to the announcements issued by the Company on 29 May 2024 and 24 June 2024 in relation to the placing of new shares under the general mandate. On 29 May 2024, the Group and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 175,685,500 placing shares at the placing price of HK\$0.10 per placing shares to not less than six placees who and whose beneficial owners shall be independent third parties. The reason for the Placing 1 was to, among others, broaden shareholder and capital base as well as to strengthen the financial position of the Group for its long-term business development and growth. The market price per share of the Company was HK\$0.094 as quoted on the Stock Exchange on 29 May 2024, being the date of the Placing 1.

Management Discussion and Analysis (continued)

The Placing 1 was completed on 24 June 2024. An aggregate of 41,832,500 placing shares (the aggregate nominal value of which amounted to HK\$418,325 based on the par value of HK\$0.01) have been successfully placed to not less than six placees with gross and net proceeds of approximately HK\$4.2 million (equivalent to approximately HK\$0.100 per placing share) and HK\$4.0 million (equivalent to approximately HK\$0.0957 per placing share) as set out in the Company's announcement dated 24 June 2024. The Company utilised the use of proceeds for (1) the development of great health business; (2) the operation and business enhancement of lingerie products segment; and (3) general working capital.

Use of net proceeds from the Placing 1	Planned use of proceeds as described in the announcement dated 24 June 2024 <i>HK\$'million</i>	Actual use of net proceeds up to 31 March 2025 <i>HK\$'million</i>	Unused total net proceeds as at 31 March 2025 <i>HK\$'million</i>
Development of great health business	1.6	1.6	0.0
Operation and business enhancement of lingerie products segment	0.8	0.8	0.0
Working capital	1.6	1.6	0.0
	4.0	4.0	0.0

As at 31 March 2025, the Group has fully utilised the net proceeds from the Placing 1.

Placing completed on 30 December 2024 (the "Placing 2")

Reference is made to the announcements issued by the Company on 25 November 2024 and 17 December 2024, 18 December 2024 and 30 December 2024 in relation to the placing of new shares under the general mandate. On 25 November 2024, the Group and 2 placing agents entered into placing agreements pursuant to which the Company has conditionally agreed to place through the placing agents, on a best effort basis, up to 215,500,000 placing shares at the placing price of HK\$0.04 per placing shares to not less than six placees who and whose beneficial owners shall be independent third parties. The reason for the Placing 2 was to, among others, broaden shareholder and capital base as well as to strengthen the financial position of the Group for its long-term business development and growth. The market price per share of the Company was HK\$0.033 as quoted on the Stock Exchange on 25 November 2024, being the date of the Placing 2.

The Placing 2 was completed on 30 December 2024. An aggregate of 215,500,000 placing shares (the aggregate nominal value of which amounted to HK\$2,155,000 based on the par value of HK\$0.01) have been successfully placed to not less than six placees with gross and net proceeds of approximately HK\$8.36 million (equivalent to approximately HK\$0.0388 per placing share) and HK\$8.16 million (equivalent to approximately HK\$0.0379 per placing share) as set out in the Company's announcement dated 30 December 2024. The Company utilised the use of proceeds for (1) future investment opportunities; (2) repayment of other payables; and (3) general working capital.

Management Discussion and Analysis (continued)

Use of net proceeds from the Placing 2	Planned use of proceeds as described in the announcement dated 25 November 2024 <i>HK\$'million</i>	Actual use of net proceeds up to 31 March 2025 <i>HK\$'million</i>	Unused total net proceeds as at 31 March 2025 <i>HK\$'million</i>
Investment opportunities	0.836	0.836	0.0
Repayment of other payables	6.689	6.689	0.0
Working capital	0.835	0.835	0.0
	8.360	8.360	0.0

As at 31 March 2025, the Group had fully utilised the net proceeds from the Placing 2.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Jiao Dejun (“Mr. Jiao”), aged 55, was appointed as an executive Director of the Company from 1 December 2025 and appointed as the Chairman of the Board from 19 December 2025. Mr. Jiao graduated with a Master’s degree in Machinery Manufacturing Technology and Equipment from Dalian Railway Institute (now Dalian Jiaotong University) in 1995 and a Master’s degree in International Marketing from Ascencia Business School in Paris, France in 2024.

Prior to joining the Group, Mr. Jiao has extensive experience in the mechanical engineering and international marketing. He has been Executive Director of ZXZN Qi-House Holdings Limited (Stock code: 8395), a company listed on GEM of The Stock Exchange of Hong Kong Limited. He has been the Director of Kaishite Intelligent Technology (Dongguan) Co., Ltd.* (凱士特智慧科技(東莞)有限公司), Shenzhen Linghang Biological Supply Chain Co., Ltd* (深圳市領航生物供應鏈有限公司) and Dalian Jubojingmi Moulding Co., Ltd.* (大連鉅博精密模具有限公司).

Mr. Sun Tian (“Mr. Sun”), aged 47, was appointed as an executive director of the Company from 24 April 2024, appointed as the Chairman of the Board from 10 September 2024 and resigned as the Chairman of the Board from 19 December 2025. Mr. Sun graduated with a master’s degree in Clinical Medicine from China Medical University in the People’s Republic of China (the “PRC”) in 2006.

Mr. Sun is a seasoned business entrepreneur with extensive experience in business development and management, primarily within the beauty and healthcare consulting sector. Mr. Sun founded a chain of beauty and healthcare related business conglomerates in the PRC, and was responsible for its strategic planning and business development during the period from September 2009 to October 2019. Since September 2019, he has also founded, and has been playing a crucial role in managing and leading the business development of, a series of companies principally engaged in the beauty and healthcare consulting services as well as the related human resources management consulting services in the PRC.

Mr. Hu Yanhui (“Mr. Hu”), aged 41, was appointed as an executive Director of the Company from 4 November 2025. Mr. Hu graduated from the Beijing Institute of Technology with Bachelor’s degree in Business Administration in 2021.

Mr. Hu has 7 years of experience in the insurance industry and 13 years in the retail/wholesale sector. Mr. Hu excels in driving business growth through effective target planning, resource management, and innovative marketing strategies.

Mr. Xu Xue (“Mr. Xu”), aged 53, was appointed as an executive Director of the Company in May 2020. Mr. Xu is a member of each of the nomination committee and the remuneration committee of the Board. Mr. Xu graduated from Shaanxi Institute of Education* (陝西教育學院) (now known as Shaanxi Xueqian Normal University) in the People’s Republic of China in 1996, majoring in history education.

Mr. Xu has more than 20 years of management experience in manufacturing and electronics sectors and has been the founder of and served various senior positions in various private companies. He was previously an executive director of Republic Healthcare Limited (stock code: 8357) from 21 November 2018 to 15 August 2019, its shares are listed on the GEM.

* The English translation of company names in Chinese are for identification purpose only.

Directors and Senior Management (continued)

Mr. Liu Jiawei (“Mr. Liu”), aged 27, was appointed as an executive Director of the Company from 4 November 2025. Mr. Liu holds a diploma in Computer Network Technology from Inner Mongolia Technical College of Construction obtained in 2020 and a bachelor’s degree in Civil Engineering from The Open University of China awarded in 2024.

Mr. Liu has been a senior executive in supply chain management and served as an executive officer of Shenzhen Lian Supply Chain Co., Ltd. In this capacity, he provided strategic leadership across front desk operations, logistics, and IT support functions. He has been instrumental in developing and optimizing management systems by formulating supply management policies, enhancing operational efficiency, and strengthening cross-departmental collaboration to support the Company’s senior leadership. Prior to which, Mr. Liu also held a managerial position at Inner Mongolia Wantai Packaging Co., Ltd., a printing and media enterprise based in Inner Mongolia, China since 2022.

With his background in computer networks, civil engineering, and supply chain industries, Mr. Liu brings technical insight and managerial skills to support the Group’s strategic initiatives.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tong Zhu (“Mr. Tong”), aged 66, was appointed as an independent non-executive Director of the Company in September 2021. Mr. Tong is a member of each of the audit committee, the nomination committee and the remuneration committee of the Board.

Mr. Tong graduated at University of Electronic Science and Technology in People’s Republic of China with a bachelor degree in business management. He was assessed as an economist by Personnel Department of Guangdong Province (廣東省人事廳) in 2000. He had over 30 years financial and project management experience and work experience in companies listed in Shenzhen and Hong Kong.

Ms. Li Tiejing (“Ms. Li”), aged 50, was appointed as an independent non-executive Director of the Company, the chairman of each of the nomination committee and the remuneration committee of the Board and a member of the audit committee of the Board from 1 December 2025. Ms. Li graduated with a diploma in Marketing from Liaoning Open University in 2023.

Prior to joining the Group, Ms. Li has extensive experience in marketing. She has served as the marketing director of Lanyun Internet of Things (Dalian) Group Co., Ltd.* (藍韻物聯網(大連)集團股份有限公司) since 2014 and the senior management of Lanlingyun (Beijing) Biotechnology Co., Ltd.* (藍凌韻(北京)生物科技股份有限公司) since 2022.

Mr. Li Hongwei (“Mr. Li”), aged 41, was appointed as an independent non-executive Director of the Company from 1 December 2025. Mr. Li graduated with a diploma in Pharmaceutics from Chifeng University in 2005. He is a Certified On-site Pharmacist from the Inner Mongolia Food and Drug Administration.

Prior to joining the Group, Mr. Li has extensive experience in marketing. He has served as the marketing director of Lanyun Internet of Things (Dalian) Group Co., Ltd.* (藍韻物聯網(大連)集團股份有限公司) since 2014.

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Directors and Senior Management (continued)

Mr. Hong Sze Lung (“Mr. Hong”), aged 54, was appointed as an independent non-executive Director of the Company and the chairman of the audit committee of the Board from 25 August 2025. Mr. Hong has over 28 years of working experience in corporate management, corporate finance and restructuring, mergers and acquisitions/ investments, corporate financial control and compliance, and investor relations of listed companies in Hong Kong.

Mr. Hong is currently acting as an independent non-executive director of a listed company in Hong Kong, Kelfred Holdings Limited (stock code: 1134) since 1 September 2020. In addition, Mr. Hong was appointed as independent non-executive director of a listed company in Hong Kong, Sincere Watch (Hong Kong) Limited (stock code: 0444) since 12 July 2023 and redesigned as an executive director since 4 February 2026.

Mr. Hong commenced his career in PricewaterhouseCoopers and worked in the firm for approximately 10 years in the field of auditing, corporate finance & recovery until he left the firm in November 2005 as a senior manager. For the period of March 2006 to October 2011, Mr. Hong then served at senior management level respectively in a private equity investment company (as Senior Vice President); as well as two listed companies in Hong Kong, being Soundwill Holdings Limited (stock code: 0878) and Silver Base Group Holdings Limited (delisted, previous stock code: 0886), both as Corporate Finance Directors. For the period of September 2012-December 2016, Mr. Hong then served at Wealth Glory Holding Limited (stock code: 8269), a listed company in Hong Kong, as Chief Operation Officer and subsequently was promoted to Executive Director, Chief Executive Officer and Chairman.

Mr. Hong is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and a chartered financial analyst of the CFA Institute. In 1995, Mr. Hong obtained a Bachelor of Arts (Hons) Degree in Accountancy from the Hong Kong Polytechnic University.

Corporate Governance Report

INTRODUCTION

The board of directors (the “**Directors**”) of Ocean Star Technology Group Limited (the “**Company**”) (the “**Board**”) is pleased to present this corporate governance report for the year ended 31 March 2025 in accordance with Rule 18.44(2) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board is committed to achieve high standards of corporate governance by emphasising transparency, independence, accountability, responsibility and fairness. The Board strives to ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance long-term Shareholders’ value.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in part 2 of the Corporate Governance Code in Appendix C1 to the GEM Listing Rules (the “**CG Code**”). To the best knowledge of the Board, the Company has adopted and complied with all the code provisions in the CG Code for the year ended 31 March 2025 and up to the date of this report, except for the deviations as specified below. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 4 November 2025, the Company appointed a new chief executive officer. Prior to this appointment, from 18 March 2025 onwards, the Company did not have a chief executive officer and the day-to-day management of the Group’s business was handled collectively by the executive Directors of the Company. The Board believes that the present and past arrangements have been adequate to ensure effective management and control of the Group’s business operations. The Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether any further changes are necessary.

Under Code Provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In the absence of any committee chairman, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. At the annual general meeting of the Company held on 15 October 2025, Ms. Chen Lizhu, Ms. Yang Xueling, Mr. Yang Mingyuan, Ms. Zhou Ying, Mr. Shi Zhu, Mr. Lai Kim Fung, Mr. Tong Zhu and Mr. Han Zhenghai were unable to attend due to other business commitments. However, the Company’s executive Directors, namely Mr. Sun Tian and Mr. Xu Xue; and the independent non-executive Director, namely Mr. Hong Sze Lung attended to answer shareholders’ enquiries.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company periodically issues notices to its Directors reminding them the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results of the Group. The Company had also made specific enquiry of the Directors and to the best knowledge and the information available to the Board, each of them was in compliance with the Code of Conduct and Required Standard Dealings during the reporting period. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the reporting period.

BOARD OF DIRECTORS

The leadership, control and supervision of the Company is vested in the Board, which is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance, approving the consolidated financial statements and directing and supervising the management of the Group. The Board delegates to the senior management the powers and responsibilities to conduct the Group’s day-to-day management and operations and to organise the implementation of the resolutions of the Board. The Board has been regularly provided management with updated report to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group. Where necessary, all Directors can have access to all relevant information and obtain the advice and services of the Company Secretary.

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company’s policies and practices on corporate governance.

Directors have full access to all relevant information affecting the Group and may take independent professional advice, which will be paid by the Company as appropriate.

The Board has the responsibility for leadership and control of the Company. The Board is collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board is accountable to the Shareholders for the strategic development of the Group with the goal of maximising long-term Shareholder value, while balancing broader stakeholder interests.

Corporate Governance Report (continued)

As at the date of this report, the Board is comprised of nine Directors including five executive Directors and four independent non-executive Directors. In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed four independent non-executive Directors, representing at least one-third of the board and at least one of whom has appropriate professional qualifications, accounting or related financial management expertise. The Director's details during the reporting period and up to the date of this report are as set out below:

Executive Directors

Mr. Jiao Dejun (appointed as executive director on 1 December 2025 and appointed as chairman on 19 December 2025)
Mr. Sun Tian (appointed as executive director on 24 April 2024, appointed as chairman on 10 September 2024 and resigned as chairman on 19 December 2025)
Mr. Zheng Sihui (resigned on 10 September 2024)
Mr. Hu Yanhui (appointed as executive director and chief executive officer on 4 November 2025)
Ms. Chen Lizhu (resigned as chief executive officer and remained as executive director on 18 March 2025; and resigned as executive director on 15 October 2025)
Mr. Xu Xue
Mr. Liu Jiawei (appointed on 4 November 2025)
Ms. Zhou Ying (appointed on 3 February 2025 and resigned on 15 October 2025)
Mr. Yang Mingyuan (appointed on 15 January 2025 and resigned on 15 October 2025)
Ms. Yang Xueling (appointed on 10 September 2024 and resigned on 19 December 2025)
Mr. Cheng Chok Yan (appointed on 29 July 2024 and resigned on 21 October 2024)
Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)

Non-Executive Director

Mr. Shi Zhu (appointed on 27 December 2024 and resigned on 15 October 2025)

Independent Non-Executive Directors

Mr. Tong Zhu
Ms. Li Tiejing (appointed on 1 December 2025)
Mr. Li Hongwei (appointed on 1 December 2025)
Mr. Hong Sze Lung (appointed on 25 August 2025)
Mr. Lai Kim Fung (resigned on 1 December 2025)
Mr. Han Zhenghai (appointed on 15 January 2025 and resigned on 15 October 2025)
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)
Mr. Tang Yiu Kay (resigned on 27 December 2024)

An updated list of Directors identifying their roles and functions has been published on the websites of the Company and the Stock Exchange. The profiles of the Directors, including relationship between Board members, are set out in the section "Directors and Senior Management" of this report.

Corporate Governance Report (continued)

For the following directors appointed during the reporting period and up to the date of this report, namely Mr. Jiao Dejun, Mr. Hu Yanhui, Mr. Liu Jiawei and Mr. Sun Tian, all serving as executive Directors, along with Ms. Li Tiejing, Mr. Li Hongwei and Mr. Hong Sze Lung, all serving as independent non-executive Directors, they have obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules on the respective dates set out below and confirmed they understood their legal obligations as directors of a listed issuer under the GEM Listing Rules:

- Mr. Jiao Dejun, Ms. Li Tiejing and Mr. Li Hongwei have obtained the legal advice on 28 November 2025
- Mr. Hu Yanhui and Mr. Liu Jiawei have obtained the legal advice on 29 October 2025
- Mr. Hong Sze Lung has obtained the legal advice on 25 August 2025
- Mr. Sun Tian has obtained the legal advice on 24 April 2024

CHANGES IN DIRECTORS' INFORMATION

The change in director's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the publication of the 2024 Interim Report of the Company, is set out below:

- Mr. Shi Zhu ("**Mr. Shi**") was appointed as a non-executive Director of the Company with effect from 27 December 2024; and Mr. Shi resigned as a non-executive Director of the Company with effect from 15 October 2025;
- Mr. Tang Yiu Kay resigned as an independent non-executive Director of the Company, ceased to be the chairman of the Audit Committee of the Board, a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 27 December 2024;
- Ms. Mo Li ("**Ms. Mo**") was appointed as an independent non-executive Director of the Company; the chairman of the Audit Committee of the Board, a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 27 December 2024; and Ms. Mo resigned as an independent non-executive Director of the Company; the chairman of the Audit Committee of the Board, a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 10 July 2025;
- Mr. Yang Mingyuan ("**Mr. Yang**") was appointed as an executive Director of the Company with effect from 15 January 2025 and was appointed as a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 3 February 2025; and Mr. Yang resigned as an executive Director of the Company, a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 15 October 2025;
- Mr. Han Zhenghai ("**Mr. Han**") was appointed as an independent non-executive Director of the Company with effect from 15 January 2025 and was appointed as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board with effect from 3 February 2025; and Mr. Han resigned as an independent non-executive Director of the Company, a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board with effect from 15 October 2025;

Corporate Governance Report (continued)

- Ms. Zhou Ying (“**Ms. Zhou**”) was appointed as an executive Director of the Company with effect from 3 February 2025; and Ms. Zhou resigned as an executive Director of the Company with effect from 15 October 2025;
- Ms. Chen Lizhu (“**Ms. Chen**”) resigned as the chief executive officer of the Company and remained as an executive Director of the Company, a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 18 March 2025; and Ms. Chen resigned as an executive Director of the Company, a member of each of the Nomination Committee and the Remuneration Committee of the Board with effect from 15 October 2025;
- Mr. Hong Sze Lung was appointed as an independent non-executive Director of the Company and the chairman of the Audit Committee of the Board with effect from 25 August 2025;
- Mr. Hu Yanhui was appointed as an executive Director of the Company and the Chief Executive Officer of the Company with effect from 4 November 2025;
- Mr. Liu Jiawei was appointed as an executive Director of the Company with effect from 4 November 2025;
- Mr. Jiao Dejun (“**Mr. Jiao**”) was appointed as an executive Director of the Company with effect from 1 December 2025; and Mr. Jiao was appointed as the chairman of the Board with effect from 19 December 2025;
- Mr. Lai Kim Fung resigned as an independent non-executive Director of the Company, the chairman of each of the Nomination Committee and the Remuneration Committee of the Board and a member of the Audit Committee of the Board with effect from 1 December 2025;
- Ms. Li Tiejing was appointed as an independent non-executive Director of the Company, the chairman of each of the Nomination Committee and the Remuneration Committee of the Board and a member of the Audit Committee of the Board with effect from 1 December 2025;
- Mr. Li Hongwei was appointed as an independent non-executive Director of the Company with effect from 1 December 2025;
- Mr. Sun Tian resigned as the chairman of the Board and remained as an executive director of the Company with effect from 19 December 2025; and
- Ms. Yang Xueling resigned as an executive Director of the Company with effect from 19 December 2025.

Save as disclosed above, there is no other information in respect of Directors, supervisors and chief executives required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

Corporate Governance Report (continued)

Directors' Training and Continuing Professional Development

The Directors have been informed of the requirement under Rule 5.02F of the GEM Listing Rules (previously code provision C.1.4 of part 2 of the CG Code) regarding continuous professional development. All Directors are required to participate in continuous professional development to develop and refresh their knowledge and skills. Each newly appointed Director is given formal, comprehensive and customised induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations. The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. Up to the date of this report, all Directors have confirmed to the Company that they have participated in continuous professional development by self-study and/or attending seminars, conferences and webcast, reading material, newspapers and journals on topics related to corporate governance and regulations, the economy, the company's business or directors' duties and responsibilities.

During the reporting period and up to the date of this report, all Directors have participated in continuous professional development in the following manner:

Directors	Attended seminar in relation to directors' responsibilities and the GEM Listing Rules	Reading materials relating to GEM Listing Rules update
Executive Directors		
Mr. Jiao Dejun (appointed as executive director on 1 December 2025 and appointed as chairman on 19 December 2025)	✓	✓
Mr. Sun Tian (appointed as executive director on 24 April 2024, appointed as chairman on 10 September 2024 and resigned as chairman on 19 December 2025)	✓	✓
Mr. Zheng Sihui (resigned on 10 September 2024)	✓	✓
Mr. Hu Yanhui (appointed as executive director and chief executive officer on 4 November 2025)	✓	✓
Ms. Chen Lizhu (resigned as chief executive officer and remained as executive director on 18 March 2025; and resigned as executive director on 15 October 2025)	✓	✓
Mr. Xu Xue	✓	✓
Mr. Liu Jiawei (appointed on 4 November 2025)	✓	✓
Ms. Zhou Ying (appointed on 3 February 2025 and resigned on 15 October 2025)	✓	✓
Mr. Yang Mingyuan (appointed on 15 January 2025 and resigned on 15 October 2025)	✓	✓
Ms. Yang Xueling (appointed on 10 September 2024 and resigned on 19 December 2025)	✓	✓
Mr. Cheng Chok Yan (appointed on 29 July 2024 and resigned on 21 October 2024)	✓	✓
Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)	✓	✓

Corporate Governance Report (continued)

Directors	Attended seminar in relation to directors' responsibilities and the GEM Listing Rules	Reading materials relating to GEM Listing Rules update
Non-Executive Director		
Mr. Shi Zhu (appointed on 27 December 2024 and resigned on 15 October 2025)	✓	✓
Independent Non-Executive Directors		
Mr. Tong Zhu	✓	✓
Ms. Li Tiejing (appointed on 1 December 2025)	✓	✓
Mr. Li Hongwei (appointed on 1 December 2025)	✓	✓
Mr. Hong Sze Lung (appointed on 25 August 2025)	✓	✓
Mr. Lai Kim Fung (resigned on 1 December 2025)	✓	✓
Mr. Han Zhenghai (appointed on 15 January 2025 and resigned on 15 October 2025)	✓	✓
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)	✓	✓
Mr. Tang Yiu Kay (resigned on 27 December 2024)	✓	✓

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and to enhance their awareness of good corporate governance practices.

Directors' Attendance at Board Meeting and General Meeting

The Board is responsible for the management of the Company. During the reporting period, the Board had scheduled regular meeting and additional Board meetings were held as and when necessary. During the reporting period and up to the date of this report ("Relevant Period"), the Board has held 23 Board meetings and two annual general meetings of the Company, which was held on 30 August 2024 and 15 October 2025, respectively, with the attendance of the external auditor to answer questions. The attendance of each Director is set out as follows:

Name of Directors	Number of Meetings Attended/ Eligible to Attend for the Relevant Period	
	Board meeting	Annual general meeting
Executive Directors		
Mr. Jiao Dejun (appointed as executive director on 1 December 2025 and appointed as chairman on 19 December 2025)	3	0
Mr. Sun Tian (appointed as executive director on 24 April 2024, appointed as chairman on 10 September 2024 and resigned as chairman on 19 December 2025)	18	1
Mr. Zheng Sihui (resigned on 10 September 2024)	5	1

Corporate Governance Report (continued)

Name of Directors	Number of Meetings Attended/ Eligible to Attend for the Relevant Period	
	Board meeting	Annual general meeting
Mr. Hu Yanhui (appointed as executive director and chief executive officer on 4 November 2025)	4	0
Ms. Chen Lizhu (resigned as chief executive officer and remained as executive director on 18 March 2025; and resigned as executive director on 15 October 2025)	17	1
Mr. Xu Xue	21	2
Mr. Liu Jiawei (appointed on 4 November 2025)	4	0
Ms. Zhou Ying (appointed on 3 February 2025 and resigned on 15 October 2025)	5	0
Mr. Yang Mingyuan (appointed on 15 January 2025 and resigned on 15 October 2025)	6	0
Ms. Yang Xueling (appointed on 10 September 2024 and resigned on 19 December 2025)	15	0
Mr. Cheng Chok Yan (appointed on 29 July 2024 and resigned on 21 October 2024)	2	1
Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)	2	0
Non-Executive Director		
Mr. Shi Zhu (appointed on 27 December 2024 and resigned on 15 October 2025)	7	0
Independent Non-Executive Directors		
Mr. Tong Zhu	22	1
Ms. Li Tiejing (appointed on 1 December 2025)	3	0
Mr. Li Hongwei (appointed on 1 December 2025)	3	0
Mr. Hong Sze Lung (appointed on 25 August 2025)	7	1
Mr. Lai Kim Fung (resigned on 1 December 2025)	17	1
Mr. Han Zhenghai (appointed on 15 January 2025 and resigned on 15 October 2025)	6	0
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)	4	0
Mr. Tang Yiu Kay (resigned on 27 December 2024)	9	1

Independent non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all four independent non-executive Directors as at the date of this report, namely, Mr. Tong Zhu, Ms. Li Tiejing, Mr. Li Hongwei and Mr. Hong Sze Lung are independent in accordance with the terms of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

Corporate Governance Report (continued)

During the reporting period and up to the date of this report, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of four Independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to Independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

The separate roles of chairman and chief executive officer

On 4 November 2025, the Company appointed a new chief executive officer. Prior to this appointment, from 18 March 2025 onwards, the Company did not have a chief executive officer and the day-to-day management of the Group's business was handled collectively by the executive Directors of the Company. The Board believes that the present and past arrangements have been adequate to ensure effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether any further changes are necessary.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the Directors has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from their respective date of appointment and thereafter shall continue year to year unless terminated by at least one month's notice in writing served by either party on the other.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the agreements/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the Shareholders in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

Corporate Governance Report (continued)

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not three or a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

BOARD COMMITTEES

The Board established three committees, namely the audit, remuneration and nomination committees, to oversee particular aspects of the Group's affairs. Each of the three committees has its specific terms of reference relating to authority and duties. The majority of members of the audit, remuneration and nomination committees of the Board are independent non-executive Directors.

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, they are able to seek independent professional advice in appropriate circumstances at the Company's expense. The Board committees will report back to the Board on their decisions or recommendations.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include: (i) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in this report.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") was established on 13 July 2017 with written terms of reference, which was updated on 31 December 2018, in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules and paragraph D.3.3 of the CG Code. The primary duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the financial statements, the interim report, annual report and significant financial reporting judgements contained therein; and (c) reviewing the financial controls, internal control and risk management systems. As at the date of this report, the Audit Committee comprises all three independent non-executive Directors, namely Mr. Hong Sze Lung, Mr. Tong Zhu and Ms. Li Tiejing. Mr. Hong Sze Lung is the chairman of the Audit Committee.

During the reporting period and up to the date of this report, the Audit Committee held 3 meetings and the work performed by the Audit Committee included (i) review of the effectiveness of the internal control and risk management systems of the Company; (ii) considering and making recommendation to the Board for approval regarding the re-appointment of auditor (including the fees to be charged by the external auditor); (iii) review of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2024 and 2025; (iv) review of the unaudited interim results together with the respective reports of the Group in respect of the year ended 31 March 2025, with recommendation to the Board for approval; (v) review of the terms of reference of the Audit Committee; and (vi) review and approval of the independent review result of the internal audit system carried out by an external profession adviser.

Corporate Governance Report (continued)

The members of the Audit Committee during the reporting period and up to the date of this report and the attendance of each committee member are as follows:

Name of Directors	Number of Meetings attended/held
Mr. Tong Zhu	3
Ms. Li Tiejing (appointed on 1 December 2025)	1
Mr. Hong Sze Lung (appointed on 25 August 2025)	1
Mr. Lai Kim Fung (resigned on 1 December 2025)	2
Mr. Han Zhenghai (appointed on 3 February 2025 and resigned on 15 October 2025)	0
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)	0
Mr. Tang Yiu Kay (resigned on 27 December 2024)	2

Subsequent to the year ended 31 March 2025, the Audit Committee reviewed the annual report and annual results announcement, as well as the effectiveness of the risk management and internal control systems of the Group for the year ended 31 March 2025. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2025 complied with applicable accounting standards, the requirements under the GEM Listing Rules and that adequate disclosures have been made. In addition, the Audit Committee met the external auditor once without the presence of the management to discuss any areas of concerns.

Nomination Committee

The nomination committee of the Board (the “**Nomination Committee**”) was established on 13 July 2017 with written terms of reference, which was updated on 31 December 2018, in compliance with paragraph B.3.1 of the CG Code. The primary duties of the Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the independent non-executive Directors; (d) making recommendations to the Board on the appointment and succession planning for the Directors. As at the date of this report, the Nomination Committee comprises two independent non-executive Directors, namely Ms. Li Tiejing and Mr. Tong Zhu, and one executive Director, namely Mr. Xu Xue. Ms. Li Tiejing is the chairman of the Nomination Committee.

In respect of evaluating and selecting a candidate for directorship, the Nomination Committee has to consider, among others, his/her character and integrity, diversity including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge appropriate to the requirements of the Group and its development.

During the reporting period and up to the date of this report, the Nomination Committee held 11 meetings and the work performed by the Nomination Committee included (i) review of the structure, size and composition of the Board; (ii) making recommendation to the Board for approval of the re-election and appointment of directors after consideration of a range of diversity perspectives; (iii) assessing the independence of the independent non-executive Directors; and (iv) review of the terms of reference of the Nomination Committee and board diversity policy of the Company.

Corporate Governance Report (continued)

The members of the Nomination Committee during the reporting period and up to the date of this report and the attendance of each committee member are as follows:

Name of Directors	Number of Meetings attended/held
Mr. Tong Zhu	12
Mr. Xu Xue	11
Ms. Li Tiejing (appointed on 1 December 2025)	1
Mr. Lai Kim Fung (resigned on 1 December 2025)	10
Mr. Han Zhenghai (appointed on 3 February 2025 and resigned on 15 October 2025)	1
Mr. Yang Mingyuan (appointed on 3 February 2025 and resigned on 15 October 2025)	1
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)	2
Ms. Chen Lizhu (appointed on 8 May 2024 and resigned on 15 October 2025)	7
Mr. Tang Yiu Kay (resigned on 27 December 2024)	5
Mr. Chiu G Kiu Bernard (resigned on 8 May 2024)	1

Remuneration Committee

The remuneration committee of the Board (the “**Remuneration Committee**”) was established on 13 July 2017 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph E.1.2 of the CG Code. The primary duties of the Remuneration Committee, under the principle that no Director or any of his/her associates should be involved in deciding his/her own remuneration include, among others, making recommendations to the Board on (a) the remuneration policy and structure for all of the Directors and senior management of the Company; (b) the establishment of a formal and transparent procedure for developing remuneration policies; and (c) the remuneration packages of the executive Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments. As at the date of this report, the Remuneration Committee comprises two independent non-executive Directors, namely Ms. Li Tiejing and Mr. Tong Zhu, and one executive Director, namely Mr. Xu Xue. Ms. Li Tiejing is the chairman of the Remuneration Committee.

During the reporting period and up to the date of this report, the Remuneration Committee held 11 meetings and the work performed by the Remuneration Committee included reviewing and making recommendation to the Board for approving the remuneration for the Directors being appointed during the reporting period and up to the date of this report and the grant of bonus to the staffs of the Group.

Corporate Governance Report (continued)

The members of the Remuneration Committee during the reporting period and up to the date of this report and the attendance of each committee member are as follows:

Name of Directors	Number of Meetings attended/held
Mr. Tong Zhu	12
Mr. Xu Xue	11
Ms. Li Tiejing (appointed on 1 December 2025)	1
Mr. Lai Kim Fung (resigned on 1 December 2025)	10
Mr. Han Zhenghai (appointed on 3 February 2025 and resigned on 15 October 2025)	1
Mr. Yang Mingyuan (appointed on 3 February 2025 and resigned on 15 October 2025)	1
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)	2
Ms. Chen Lizhu (appointed on 8 May 2024 and resigned on 15 October 2025)	7
Mr. Tang Yiu Kay (resigned on 27 December 2024)	5
Mr. Chiu G Kiu Bernard (resigned on 8 May 2024)	1

Details of the emolument of each Director are set out in note 15 to the consolidated financial statements.

BOARD DIVERSITY

The Company adopted a board diversity policy and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the business requirements and development plan of the Group. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection and/or nomination of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, language, cultural and educational background, industry experience and professional experience appropriate to the requirements of the Company's business and its development.

The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels, to enhance the effectiveness of our corporate governance as a whole. Taking into account of our existing business model and the background and experience of our Directors, the Nomination Committee considered that the composition of the Board satisfies the Board Diversity Policy.

As at 31 March 2025, the gender ratio of the Group's workforce (including senior management) was approximately 13.5% male to 86.5% female due to lingerie related business industries traditionally have less male participants. The Company's hiring is merit based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce in view of the nature of the business of the Group.

Corporate Governance Report (continued)

Currently the Board is comprised of male and female representation with different skills and expertise and achieved a diversified Board. This fulfilled stakeholders' expectation and international and local recommended best practices. Due to the unique business nature of the Company, the Board is of the view that it is not necessary to set numerical targets and timeline for further enhancing gender balance on its Board for the time being. The Nomination Committee will continue to look for potential candidates and to develop a pipeline of potential successors to the Board and will seek assistance from professional search firms if necessary. The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination.

The Nomination Committee has reviewed the structure, size and diversity of the Board on annual basis, it ensures that the Board composition is in compliance with the GEM Listing Rules. Also, it reflects an appropriate mix of Board's specific skills, experiences and knowledge and diversity of perspectives, and contribute to the Board's effectiveness and efficiency to achieve the Company's strategy and corporate governance issues. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board (include the industry or professional knowledge and experience, demographic statistics, gender, technical skill and management experience) is maintained.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company recognises the need for risk management and internal control in the communication policy, strategic and operational planning, day-to-day management and decision making process and are committed to managing and minimising risks that may impact the continued efficiency and effectiveness of the operations or prevent it from achieving its business objectives.

The Board recognises its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems. The Group's risk management and internal control systems are designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Review of the Group's risk management (including ESG risks) and internal controls covering major financial, operational and compliance controls, those relating to its ESG performance and reporting, as well as risk management functions. The risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Board undertakes the full responsibility to oversee and carry out an annual review on the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee provides the Board with its independent view on the adequacy and effectiveness of the Group's risk management (including ESG risks) and internal control systems, after taking into consideration of the internal assessment of senior management, the independent review result carried out by external professional consultant, and the recommendation provided by the external auditor, if any.

In order to ensure the completion of remediation of findings identified during resumption investigation project, the Group has carried out the following actions:

- All significant acquisitions/transactions were reported to the Board for proper approval;
- Adequate training, including the training in relation to the relevant legal and regulatory requirements of the Group, was provided to employees; and
- The Board has conducted review on the result of remediation carried out, including the relevant policies and procedures which have been strengthened.

It is proposed that the Board may conduct a follow-up review after the relevant recommendations from the relevant staff or professional parties have been implemented.

In addition to the above, the process used to identify, evaluate and manage significant risks are summarized as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritise the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensure that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

Corporate Governance Report (continued)

The Board has engaged external professional consultant as its risk management and internal control review adviser (the “**Adviser**”) to conduct the annual review of the risk management (including ESG risks) and internal control systems for the year ended 31 March 2025. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management of the Company. The Board/ Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate. The adequacy of resources, qualifications and experience, training and budget of accounting, internal audit and financial reporting functions as well as those relating to the Company’s ESG performance and reporting have also been reviewed on an annual basis.

In relation to the procedures and internal controls for handling and dissemination of inside information, they are as follows:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

Based on the results of internal control review for the Year and the assessment of the Audit Committee thereon, no material inadequacies or deficiencies in the risk management and internal control systems were drawn to the attention of the Audit Committee, but appropriate recommendations for further enhancing the internal control systems have been taken. The Board is of the view that the internal control systems were effective and adequate and no irregularities, fraud or other deficiencies were identified for the reporting period.

There was a delay in publication of the Company’s annual results of the Year due to the delay in the progress of audit documentation collection and the trading of Shares on the Stock Exchange has been suspended since 9:00 a.m. on 2 July 2025.

The reasons for the delay in the progress of audit documentation collection were set out in the announcements of the Company dated 27 June 2025, 10 October 2025, 25 November 2025, 15 December 2025 and 13 February 2026. It was noted that the high turnover of financial and administrative staff over the past 12 months, including the departure of the former financial controller, had adversely affected the progress of the audit and the preparation of the necessary documents and information.

Whilst the Company is of the view that the foundational elements for effective risk management and internal control are in place, it is believed that improvements can be made.

To address these issues and strengthen its capabilities, the management has recruited experienced management team and financial staff, including key personnel with relevant expertise in financial reporting, audit coordination, and internal controls, to enhance the finance team’s capacity and stability.

Corporate Governance Report (continued)

As ongoing and proactive measures, the management of the Company will continue to maintain close communication with its auditors and the Audit Committee. This includes conducting periodic assessments and providing timely responses at critical stages of the process to identify and resolve any issues that could potentially affect the timely publication of future financial results.

In addition, the Company has adopted the following specific internal control enhancements to prevent any recurrence of delays in results publication:

1. throughout the entire audit/review process of future financial years or periods, the management of the Company and the Audit Committee will discuss and agree beforehand with the relevant auditors as to the proposed audit plan in relation to any advances made by the Company, in particular, in relation to any items that may require additional manpower to assist in the preparation and cooperation of independent third parties (such as audit confirmations); and
2. as soon as the audit plan requiring cooperation of independent third parties has been confirmed, the Company and the relevant auditors will immediately commence liaising with the relevant independent third parties, with an aim to conduct such audit interviews and obtain such confirmations as early as possible.

Moving forward, the Board and the Audit Committee remain fully committed to further enhancing the Company's internal controls, ensuring prompt and complete communication of all relevant information to the auditors, and continuously reinforcing the overall risk management and internal control systems.

WHISTLE-BLOWING POLICY

In compliance with paragraph D.2.3 of the CG Code, the Company has put in place whistle-blowing policy which applies to all the directors and employees (including but not limited to permanent, full-time, part-time and contract employees, etc.) of the Group and any parties who deal with the Group (including but not limited to investors, customers, contractors, suppliers, creditors and debtors, etc.). The policy is designed to provide the employees and any external parties with confidential whistle-blowing channels to report to the Group the actual or suspected illegal activities and misconducts in financial reporting, internal control or other areas. Whistle-blowers are able to contact the Board and senior management. The identity of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Board which is responsible for oversight and monitoring of the whistle-blowing policy and mechanism, will make decisions on further actions (if needed) while the Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

ANTI-CORRUPTION POLICY

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. In compliance with paragraph D.2.4 of the CG Code, the Company has in place an anti-corruption and integrity promotion system within all its employees, which forms part of the Company's employees staff manual. Employees are required to act with integrity and to report any suspected bribery, corruptions and money laundering cases to senior management or the Board. The employees are required to declare any conflict of interest when performing their duties. The anti-corruption and integrity promotion system forms an integral part of the framework, outlining the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

AUDITOR'S REMUNERATION

During the year ended 31 March 2025, the fees paid to the Company's auditor, McMillan Woods (Hong Kong) CPA Limited and its network firm in respect of audit and non-audit services provided to the Group are as follows:

HK\$'000

Audit services	700
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DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board having made appropriate enquiries and examined major areas which could give rise to significant financial exposures. The Directors have reasonable expectation that the Group's ability to continue in operational existence for the foreseeable future by (1) inspecting and evaluating the Group's cash flow forecasts including its calculations and underlying key assumptions adopted; (2) various cost control measures have been taken to tighten the costs of operations and implementing various strategies to enhance the Group's revenue; and (3) placing of new shares under general mandate in order to finance the Group's operation and business development. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

The Board also acknowledges its responsibility to ensure that the Group keeps accounting records which disclose in the annual and interim reports in accordance with the Hong Kong Financial Reporting Standards; and other inside information announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The statement of external auditor of the Company, McMillan Woods (Hong Kong) CPA Limited, regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this report.

COMPANY SECRETARY

Ms. Lee Hiu Tung (“**Ms. Lee**”) was appointed as the company secretary of the Company on 25 August 2025 pursuant to Rule 5.14 of the GEM Listing Rules. Ms. Lee is a Certified Public Accountant from the Hong Kong Institute of Certified Public Accountants, a Chartered Management Accountant from the Chartered Institute of Management Accountants and a Certified Practising Accountant from CPA Australia. In 2010, Ms. Lee obtained a Bachelor of Business, majoring in Accounting and Finance, from the University of Technology Sydney. With over 15 years of experience in auditing, accounting, financial management, and company secretarial matters, Ms. Lee previously worked at one of the Big Four accounting firms, where she gained extensive knowledge and expertise. She later served as the Financial Controller for a Main Board listed company in Hong Kong, overseeing financial operations and contributing to strategic decision-making at the executive level. Ms. Lee confirms that she has taken no less than 15 hours of relevant professional training for the year ended 31 March 2025 and is in compliance with Rule 5.15 of the GEM Listing Rules.

Prior to Ms. Lee’s appointment and during the Relevant Period and up to the date of this report, Mr. Lee Kun Yin was appointed and resigned as the chief financial officer and the company secretary of the Company on 8 November 2024 and 15 September 2025 respectively. For biographical details of Mr. Lee and details of the appointment of Mr. Lee, please refer to the Company’s announcement dated 8 November 2024.

Mr. Choi Pun Lap was appointed and removed as a joint company secretary of the Company on 25 November 2024 and 11 April 2025 respectively. For biographical details of Mr. Choi and details of the appointment of Mr. Choi, please refer to the Company’s announcement dated 25 November 2024.

Mr. Cheng Chok Yan was appointed and resigned as the company secretary of the Company from 29 July 2024 to 21 October 2024. For biographical details of Mr. Cheng and details of the appointment of Mr. Cheng, please refer to the Company’s announcement dated 29 July 2024. Prior to that Mr. Chiu G Kiu Bernard was appointed and resigned as the company secretary of the Company from 10 August 2023 to 29 July 2024.

COMPLIANCE OFFICER

Mr. Chiu G Kiu Bernard, an executive Director, was appointed as compliance officer of the Company on 19 September 2023. After the amendments to the GEM Listing Rules which took effect from 1 January 2024, the Company is no longer required to appoint a compliance officer under the GEM Listing Rules. As such, the Board has resolved to cancel the position of compliance officer after Mr. Chiu’s resignation on 29 July 2024.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company has established a shareholders’ communication policy (the “**Shareholders’ Communication Policy**”) to ensure the Shareholders’ questions and concerns are the appropriately addressed. The Board has the responsibility to review the policy regularly to ensure its effectiveness.

The Shareholders’ Communication Policy set out the provisions with the objective of ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to promote effective communication with the Shareholders so as to enable them to engage actively with the Company and exercise their rights as Shareholder in an informed manner.

Corporate Governance Report (continued)

The Board strives to encourage and maintain an ongoing dialogue with its shareholders through various means includes: (i) financial reports and other corporate communications. The publication of the financial reports (interim and annual reports) and other corporate communications including but not limited to announcements, circulars, notices, proxy forms and other regulatory disclosure will be provided to Shareholders in accordance with the GEM Listing Rules and any other relevant laws and regulations to facilitate Shareholders' understanding; (ii) Shareholders' meetings. (i.e. annual general meetings (AGMs), extraordinary general meeting or any other Shareholders' meetings); and Directors or their delegates as appropriate and appropriate management executives will be available at the AGMs to meet and answer Shareholders' questions in normal circumstances; and (iii) Company's Website. The availability of latest information of the Group on the Company's website at www.bodibra.com which is an effective communication platform to the shareholders and the investors as well as the general public.

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its Shareholders and investors and discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations.

During the Year, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy for enhancing the investors relations, and the investors understanding of the Group's business performance and strategies.

SHAREHOLDERS' RIGHTS

Shareholders' rights to convene a general meeting and put forward proposals at general meetings

Extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedure for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the Company's principal place of business in Hong Kong or send comments/suggestion to Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong. Shareholders may also make enquiries with the Board at the general meeting of the Company.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the reporting period. The Constitution is available on the respective websites of the Stock Exchange and the Company.

INSIDE INFORMATION

Guidelines are provided to the Directors, management and relevant staff (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The procedures include, among others, regularly remind the Directors, management and relevant staff about the compliance with the securities dealing restrictions as set out in the GEM Listing Rules and the notification of the blackout period applicable to the publication of the annual and interim results of the Company respectively. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

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.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be its goal and endeavours to maintain a dividend policy to achieve such goal.

The Company has adopted a policy concerning the payments of dividend. The Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

The Board may consider distributing special dividend to all shareholders, and the amount of which shall be determined and approved by the Board at its absolute discretion.

Under the Cayman Islands Companies Act and the Articles of Association of the Company, all of our shareholders have equal entitlement to dividends and distributions. The Board shall have the right to review the dividend policy from time to time as it deems fit according to the financial and business development requirements of the Company.

CONCLUSION

Going forward, the Company will continue to review its corporate governance practices on a timely basis to maintain its high level of transparency. The Company will also try to enhance its competitiveness and operating efficiency in order to generate greater returns for its stakeholders.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Report Overview

Ocean Star Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**We**” or “**Our**”) is pleased to present its Environmental, Social and Governance Report (the “**ESG Report**” or the “**Report**”) to stakeholders. This Report describes the ESG activities, challenges and measures taken by the Group from 1 April 2024 to 31 March 2025 (the “**Reporting Period**”, the “**Year**” or “**2025**”).

Reporting Scope

The scope of reporting aligns with the Group’s Annual Report 2023–24, which covers the Group’s major business activities and operations in Hong Kong, Macau and Shenzhen in the People’s Republic of China (“**PRC**”). The Group is mainly engaged in designing, manufacturing and sales of lingerie products. The Group will continue to assess the major ESG aspects of different businesses to determine whether to expand the scope of reporting.

Reporting Framework

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix C2 of the Rules Governing the Listing Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Exchange**”). During the preparation for this Report, the Group applied the reporting principles stipulated in the ESG Reporting Guide as follows:

Materiality: A high priority is given to issues important to the Group and its stakeholders. Throughout the interaction with internal management, employees and external stakeholders, the Group has identified various material sustainability issues that need to be addressed. The preparation of this Report was based on these material issues. Please refer to the Stakeholder Engagement and Materiality Assessment sections for further details.

Quantitative: Quantitative information is provided so that a measurable target can be set and the ESG performance can be evaluated objectively. Additional clarifications have been added to the quantitative data in this Report to explain any standards, methodologies and conversion factors used in calculating emissions and energy consumption.

Balance: In this Report, the Group provides an unbiased picture of its ESG performance by reviewing and disclosing the achievements, areas for improvement, and plans.

Consistency: This Report’s scope and preparation are substantially consistent with the previous year, and explanations regarding data with a change in the scope of disclosure and calculation methodologies are provided.

Forward-looking Statements

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward-looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ from the assumptions and statements in this Report.

Environmental, Social and Governance Report (continued)

Contact Us

The Group welcomes stakeholders to provide their feedback. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by email at cs@bodibra.com.

BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE

Board Statement

The board of directors (the "**Board**") is committed to embedding sustainable practices across the organisation. We recognise that ESG considerations are critical to our long-term success and the resilience of our business. This ESG report outlines our strategic approach, key initiatives and performance metrics, demonstrating our dedication to operating responsibly and creating value for all stakeholders. The Board provides oversight and guidance to ensure the Group remains at the forefront of sustainable development. We are proud of the progress made so far and will continue to drive meaningful changes to deliver a more sustainable future.



The Board

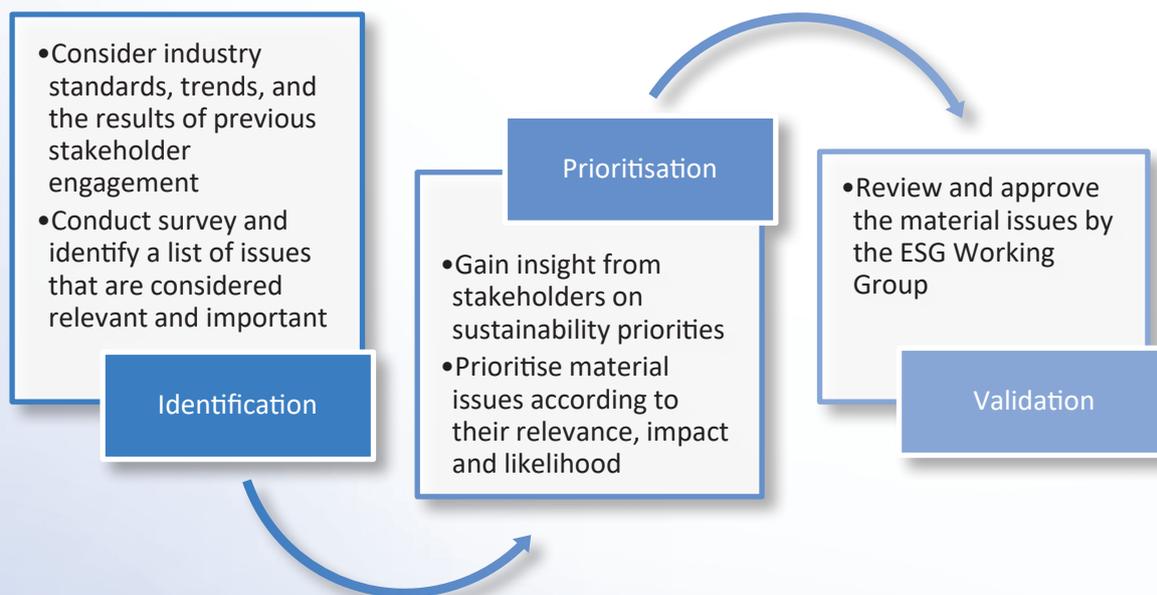
The Board holds ultimate responsibility for ESG matters, serving as the highest decision-making body, and periodically reviewing the progress that has been made in achieving these goals and targets. To identify and prioritise major ESG issues that have a significant impact on the Group's operations and stakeholders, the Group continuously communicates with internal and external stakeholders. To better manage the Group's ESG performance, related issues and potential risks, the Board regularly evaluates and determines ESG-related risks and opportunities for the Group. The Group has also decided to set environmental targets covering aspects of energy consumption and water consumption, with the aim to align with the PRC government's vision of carbon neutrality and to enhance corporate reputation. The Board and management are responsible for reviewing the Group's performance against ESG-related targets, and the Board is also responsible for ensuring the effectiveness of the Group's risk management and internal control systems and approving disclosures in the ESG Report.

ESG Working Group

The ESG Working Group, comprised of senior management members from the Group and core representatives from its subsidiaries, plays a vital role in facilitating the Board's oversight of ESG issues. The ESG Working Group is responsible for collecting ESG data and compiling the ESG Report. It periodically reports to the Board, assists in the assessment and identification of the Group's ESG risks, and evaluates the effectiveness of internal controls. The ESG Working Group also reviews the Group's ESG performance, including environmental aspects, employment and labour practices, among others.

STAKEHOLDER ENGAGEMENT

The Group recognises the significance of effective stakeholder engagement and collaboration. As the operations involve a variety of stakeholder groups, their input allows the Group to respond promptly to sustainability challenges and opportunities. The feedback from stakeholders of different backgrounds also helps the Group understand the ever-changing market demands and global sustainability trends. This allows the Group to make informed decisions regarding its sustainability practices, initiatives, and disclosures. The Group adopts a three-step iterative process for materiality assessment: identifying, prioritising and validating. Through the process, the Group confirms the sustainability topics that are important to the business and stakeholders.



The Group has multiple feedback and communication channels to understand the views of key stakeholders who have a significant impact on or have a close relationship with the Group's business. The following are the communication channels established between the Group and stakeholders, and stakeholders' main concerns.

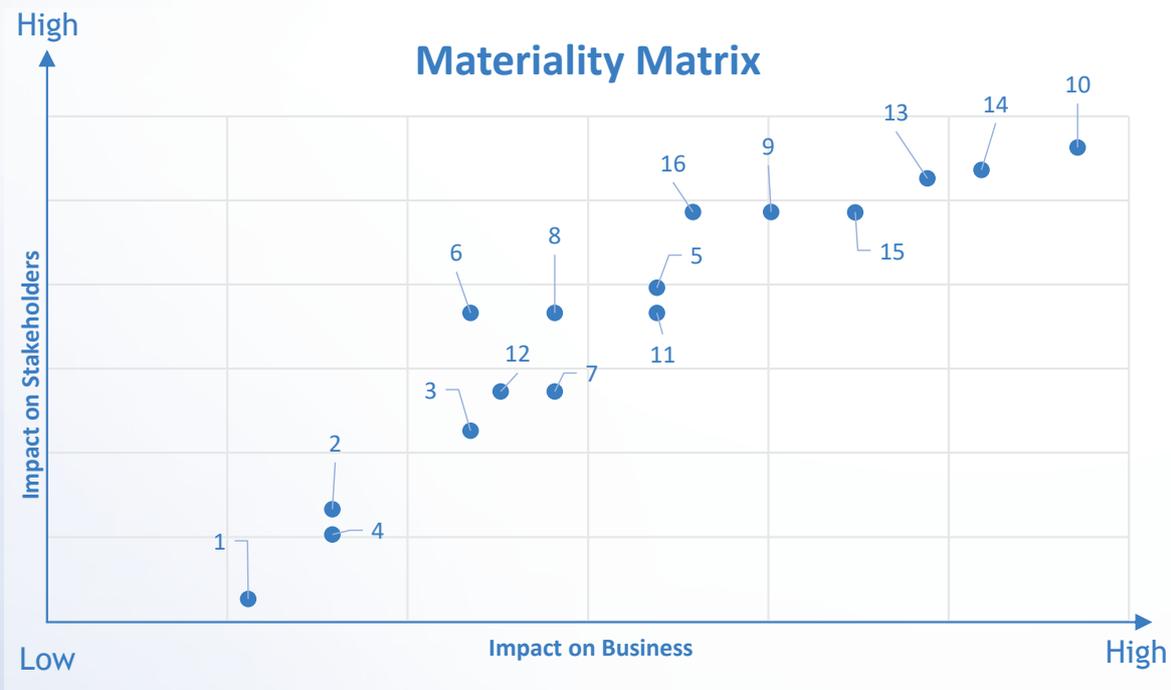
Environmental, Social and Governance Report (continued)

Stakeholders	Engagement Channels	Material Topics	Relevant Sections
Shareholders and investors	<ul style="list-style-type: none"> Annual general meetings and other general meetings Annual reports and interim reports Circulars and announcements Company website 	<ul style="list-style-type: none"> Anti-corruption Compliance and business ethics Emissions management Resources management 	<ul style="list-style-type: none"> Environmental Social
Employees	<ul style="list-style-type: none"> Training sessions Performance appraisals Social media 	<ul style="list-style-type: none"> Training and development Employee compensation and benefits Occupational health and safety 	<ul style="list-style-type: none"> Social
Suppliers	<ul style="list-style-type: none"> Qualification reviews Site visits 	<ul style="list-style-type: none"> Responsible supply chain management 	<ul style="list-style-type: none"> Social
Customers	<ul style="list-style-type: none"> Customer service hotline Product tracking system 	<ul style="list-style-type: none"> Product or service quality control Customer service 	<ul style="list-style-type: none"> Social
Government authorities	<ul style="list-style-type: none"> Email and circulars Tax payment in full and on time 	<ul style="list-style-type: none"> Anti-corruption Compliance and business ethics 	<ul style="list-style-type: none"> Social
Media and the public	<ul style="list-style-type: none"> ESG Report 	<ul style="list-style-type: none"> Emissions management Resources management Community involvement 	<ul style="list-style-type: none"> Environmental Social

MATERIALITY ASSESSMENT

The Group conducted a comprehensive materiality assessment to identify the key ESG issues that are most material to its business and stakeholders. The Board and senior management, who are responsible for the Group’s key functions, actively participated in reviewing the Group’s operations and assessing the significance of various ESG aspects.

To further incorporate diverse stakeholder perspectives, the Group developed a questionnaire covering the identified material ESG topics and sought input from various stakeholder groups, including employees, customers, suppliers, and community partners. The results of the materiality assessment for this Reporting Period are consistent with the last Reporting Period. The feedback collected through this survey process was then analysed and used to create the Group’s materiality matrix, which plots the relative importance of each ESG issue to the business and its stakeholders. The Group’s materiality matrix is shown below:



- | | | | |
|--|-----------------------------------|----------------------------|----------------------------------|
| 1. Climate change | 5. Employment practices | 9. Supply chain management | 13. Quality customer service |
| 2. Emissions and waste management | 6. Occupational health and safety | 10. Product responsibility | 14. Brand building and marketing |
| 3. Use of resources | 7. Development and training | 11. Anti-corruption | 15. Diversified product line |
| 4. The environment and natural resources | 8. Labour standards | 12. Community development | 16. Raw materials procurement |

During the Reporting Period, the Group confirmed that it had established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents complied with the requirements of the ESG Reporting Guide.

A. ENVIRONMENTAL

Environmental Targets

The Group is deeply committed to the principles of sustainable development and minimizing its environmental footprint. The Group has established a comprehensive set of environmental targets that are aligned with the national vision for environmental protection and carbon neutrality, demonstrating its dedication to corporate responsibility. The Group closely monitors and regularly reviews its progress towards these targets, continually optimising its environmental management practices to ensure successful achievement. The table below and subsequent sections provide details on the Group's environmental performance, tracking year-over-year comparisons on the relevant data points.

Aspects	Base Year	2030 Targets (against base year)	Results
Energy consumption intensity MWh/employee	2022: 2.82	↓5%	2025: 2.71 (In Progress)
Water consumption intensity m³/employee	2022: 7.03	↓5%	2025: 3.20 (Achieved)
Greenhouse Gas emission intensity ("GHG") tCO₂e/employee	2022: 1.34	↓5%	2025: 1.40 (In Progress)

Emissions

Emissions Control

Environmental protection is one of the core values of the Group. The Group strives to minimising negative environmental impacts and operate in an environmentally friendly manner. An Environmental Policy has been established by the Group to regulate its emissions. The Group's products are designed to be safe and environmentally friendly for use by customers. For example, recyclable and safe-to-dispose materials are specified in the design, and clean production processes are used in manufacturing.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group including but not limited to, the Factories and Industrial Undertakings Ordinance and the Waste Disposal Ordinance in Hong Kong, the Environmental Protection Law of the PRC and other relevant local laws and regulations.

Air Emissions

Vehicular consumption of fuel is a major source of the Group's air pollution. To mitigate air emissions, the Group has well established practices in place for improving air quality:

- Switch off the engine whenever the vehicle is idling;
- Use unleaded fuel and low sulphur content fuel in accordance with laws and regulations;
- Phase out substandard vehicles in accordance with national emission policies and standards;
- Plan routes in advance to optimise fuel consumption;

Environmental, Social and Governance Report (continued)

- Maintain vehicles regularly to ensure engine performance and fuel efficiency; and
- Optimise operational procedures to increase the loading rate and reduce the idling rate of vehicles.

The following is an overview of the air emissions performance during the Reporting Period:

Indicators	Unit	2025	2024
Nitrogen Oxides (NO _x)	kg	1.87	2.33
Sulphur Oxides (SO _x)	kg	0.01	0.01
Particulate Matter (PM)	kg	0.17	0.21

GHG Emissions

The Group generates direct greenhouse gas (“GHG”) emissions (Scope 1) from fossil fuel combustion of company vehicles and indirect emissions (Scope 2) from purchased electricity.

Indicators ¹	Unit	2025	2024
Scope 1 – Direct GHG Emissions	tCO ₂ e	1.82	2.27
Scope 2 – Energy Indirect GHG Emissions	tCO ₂ e	41.45	55.07
Total GHG Emissions (Scope 1 and Scope 2)	tCO ₂ e	43.27	57.34
Total GHG Emissions Intensity²	tCO ₂ e/employee	1.40	0.70

Note(s):

1. Emission data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the HKEX, the latest released average carbon dioxide emission factor for national electricity in China, published by the Ministry of Ecology and Environment in December, 2024 and the “2024 Sustainability Report” published by Hong Kong Electric Investments Limited.
2. During the Reporting Period, the total number of employees under the Reporting Scope of the Group was 31 (as at 31 March 2024: 82). This data is also used for calculating other intensity data.

Due to closure of the retail shops, there has been a significant reduction in GHG emissions. The Group will actively respond to the government’s emission reduction plan and strive to reduce its GHG emissions within the target period. We have adopted the following emission reduction measures actively under “Air Emissions” and “Energy Management” sections.

Environmental, Social and Governance Report (continued)

Sewage Discharges into Water and Land

Given the nature of the Group's business operations, the amount of sewage discharged is relatively low. The wastewater generated is channeled into the local municipal sewage system and treated at the municipal sewage treatment plants. As a result, the Group's water consumption volume is approximately equal to the volume of sewage discharged. The specifics of the Group's water consumption will be discussed in the Water Consumption section under Aspect A2 of this report.

Waste Management

Hazardous Waste Management

Due to the Group's business nature, no material hazardous waste was generated by the Group during the Reporting Period. In case there is any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such waste, so as to comply with the relevant environmental laws and regulations

Non-hazardous Waste Management

The non-hazardous waste produced by the Group during its operation mainly includes production waste (e.g. fabrics), paper and household waste. There was only small amount of non-hazardous waste generated during the Reporting Period; therefore the Group will disclose the data about non-hazardous waste when its data collection system expands in the future in order to provide a more accurate picture. Despite this, employees are encouraged to edit and proofread all their documents on their computers and print on recycled paper to facilitate a paperless workplace. We encourage double-sided printing and photocopying. There are special refuse bins for collecting plastic bottles, glass bottles, and cans that can be recycled.

Use of Resources

Guided by a conservation-minded philosophy, the Group has implemented proactive measures to reduce its energy and resource consumption. The Group has established a formal Environmental Policy, which outlines its commitment to conducting rigorous research and data analysis on its energy usage patterns. This scientific approach aims to ensure the Group makes prudent and efficient use of its resources.

Energy Consumption

The Group's main sources of energy consumption in its day-to-day operations are electricity used in its retail stores and office facilities, as well as fuel for its company vehicles. The Group closely monitors its energy use to ensure it minimises energy consumption. The Group's performance of energy consumption is summarised below:

Indicators	Unit	2025	2024
Direct Energy Consumption	MWh	6.72	8.40
<ul style="list-style-type: none">• Petrol• Diesel			
Indirect Energy Consumption	MWh	77.25	96.57
<ul style="list-style-type: none">• Electricity			
Total Energy Consumption	MWh	83.97	104.96
Total Energy Consumption Intensity²	MWh/employee	2.71	1.28

Environmental, Social and Governance Report (continued)

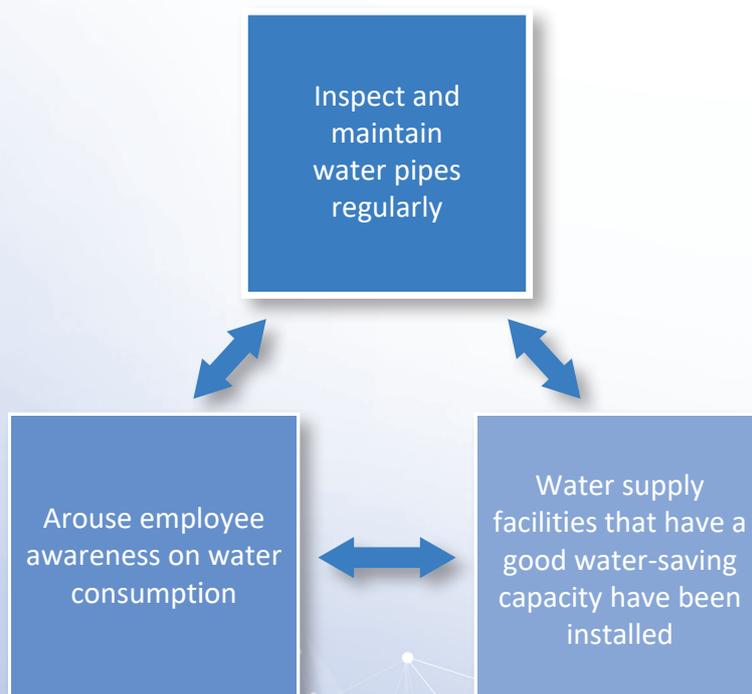
To reduce energy usage and improve efficiency, the Group has implemented a range of energy-saving initiatives.

- Switch on external lighting of the retail shop only during operating hours;
- Pre-set air-conditioning temperature at 25.5° C in the offices;
- Post energy-saving reminders near lights switches and electrical appliances;
- Switch off electronic appliances before leaving the office;
- Monitor the electricity consumption on a regular basis, and if abnormal consumption is detected, an investigation will be conducted; and
- Upgrade less energy-efficient equipment with more energy-saving equipment and improve maintenance to maintain their best performance.

Water Consumption

With extreme weather events like droughts and floods becoming more frequent and severe, it is critical for businesses to adopt sustainable water practices. The Group is committed to using water more efficiently and supporting the resilience of local ecosystems. To mitigate the impacts of pollution on water sources, the Group ensures its wastewater discharges comply with all relevant regulations to safeguard water quality.

The Group also implemented water conservation measures that enabled water savings:



Environmental, Social and Governance Report (continued)

The Group's performance of water consumption is summarised below:

Indicator	Unit	2025	2024
Total Water Consumption	m ³	99	124
Total Water Consumption Intensity ²	m ³ /employee	3.20	1.51

During the Reporting Period, we have had no difficulty in obtaining suitable water sources due to the geographical location of our office. Still, the Group strives to reduce unnecessary water consumption by turning off taps when not in use and reporting leaking faucets immediately to the estate management office.

Use of Packaging Materials

Packaging materials account for a large proportion of waste in the local landfill. Even if the packaging materials find their way into a recycling plant, they still require a significant amount of energy and resources to be processed. Acknowledging the environmental impact of packaging materials, the Group strives to improve the sustainability of its packaging in three ways:

Eliminate excessive packaging

Source more recyclable and biodegradable packaging materials

Reuse packaging as much as possible

In 2025, the Group consumed 1,136 pieces of carton boxes (2024:1,420) Production departments are planning to minimise packaging, and reuse or recycle in a way that maximises economic and environmental efficiency, while effectively reducing production and packaging material costs.

The Environment and Natural Resources

The Group is committed to environmental and natural resource protection through its business operations, guided by its robust Environmental Policy. This commitment is reflected in the Group's day-to-day practices, which include proper waste management, resource conservation, and other environmentally responsible measures. To further strengthen its environmental stewardship, the Group plans to enhance its environmental monitoring and early warning systems, as well as establish an emergency response protocol for addressing environmental emergencies.

Environmental, Social and Governance Report (continued)

Climate Change

Climate change is a top concern of a green and low-carbon economy. Hong Kong has pledged to achieve “net zero” emissions by 2050. We face both risks and opportunities resulting from climate change. The executive management of our Group will identify and manage climate change risk, as well as develop strategies in line with global best practices, to take adequate steps to build its resilience to climate change so as to adapt to and mitigate the negative impact of climate change on its operations. According to the reporting framework developed by IFRS S2, climate-related risks are typically divided into physical and transition risks. The Group has incorporated climate change-related risks into its enterprise risk management process and has identified and mitigated potential risks.

Physical Risks

The growing frequency and intensity of extreme weather events, such as typhoons, storms, and heavy rainfall, pose a significant threat to the Group’s operations. These climate-related disruptions have the potential to disrupt the Group’s supply chain. Furthermore, the physical damage to the Group’s employees and properties resulting from these extreme weather occurrences could lead to direct financial losses. The Group recognises the imperative to enhance its resilience to the impacts of climate change.

Transition Risks

Governments are tightening environmental regulations, enacting climate-related legislation and enforcing laws in order to decarbonise the world through the global movement for decarbonisation. Taxes and incentives provide both risks and opportunities to help businesses transition to greener practices. Businesses are also required to comply with increasingly stringent disclosure and compliance regulations. Business sustainability and green business practices are also becoming more prominent among investors.

Mitigation Strategy

Physical Risks:

The Group has implemented countermeasures in line with its Business Continuity Plan to minimise potential hazards and risks. This includes flexible working arrangements during typhoons and black rainstorms. Additionally, employees are provided with adequate rest periods during hot weather to reduce the risk of heat stroke. To enhance business stability in the event of extreme weather, the Group will improve its contingency plans to prevent damage to facilities. The Group will also continue to monitor relevant regulations and obtain compliance advisory services. Furthermore, the Group purchases insurance and circulates guidelines on procedures during inclement weather to its employees, and we also have taken proactive measures to protect its operations and workforce against the impact of extreme weather conditions.

Transition Risks:

Considering the above risks from market, legal, and reputational perspectives, the company is continually monitoring changes in laws and global climate change trends. This is to avoid increased costs and fines that may result from late responses to these evolving conditions. Furthermore, we have taken comprehensive environmental protection measures, including reducing GHG emissions and energy consumption.

B. SOCIAL

Employment

The Group regards its employees as indispensable assets that drive the success and growth of the business. As such, the Group is dedicated to cultivating a stronger, more cohesive workforce founded on mutual trust, respect, and a pleasant, inclusive, open, and healthy work culture. Concurrently, the Group upholds and protects the legal rights and interests of its employees. To this end, the Group has disseminated an Employee Handbook to all staff members, which outlines the relevant regulations governing the organisation.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the Employee's Compensation Ordinance, Employment Ordinance, Minimum Wage Ordinance and Mandatory Provident Fund Schemes Ordinance of Hong Kong, the Labour Contract Law of the PRC and other relevant laws and regulations formulated by local governments.

Inclusion and Diversity

The Group recognises the immense value that diverse perspectives, experiences, and ideas bring to the organisation. Studies have consistently demonstrated that companies with greater gender and ethnic diversity outperform their peers. Embracing inclusion is not only the right thing to do, but it is also a strategic imperative that drives employee engagement and fuels the organisation's growth.

The Group is committed to cultivating a truly inclusive team that reflects the diversity of its customer base. Guided by the principles outlined in the Employee Handbook, the Group maintains zero tolerance for discrimination of any kind – whether based on race, color, national origin, religion, age, disability, sexual orientation, gender, or any other status. All talent management decisions, from hiring to promotions to performance reviews, are made solely on the basis of merit and equality.

Environmental, Social and Governance Report (continued)

By strengthening communication and eliminating discrimination, the Group aims to foster a harmonious workplace culture where employees of all backgrounds can thrive and contribute to the organisation's success. As of 31 March 2025, the Group employed a total of 52 (As of 31 March 2024: 82) employees, the total workforce by gender, employment type, age group and geographical region were as follows:

	2025	2024
By Gender		
Male	11	14
Female	41	68
By Employment Type		
Full-time	42	68
Part-time	10	14
By Age Group		
<30	2	4
30-50	34	50
>50	16	28
By Geographical Region		
Hong Kong	42	72
Shenzhen	7	7
Macau	3	3
By Employee Category		
Senior management	5	2
Middle management	13	13
General	34	67

Remuneration and Welfare

The Group recognises that providing competitive benefits and welfare is integral to employee retention and cultivating a sense of belonging. As such, the Group offers attractive remuneration packages that include performance bonuses, discretionary bonuses, and sales commissions. The Group's compensation structure is designed with reference to individual performance, work experience, and prevailing market salary levels. In addition to basic salaries and mandatory provident fund contributions for Hong Kong-based employees, the Group also participates in relevant defined contribution retirement schemes administered by the respective local government authorities in Macau and Mainland China for its employees in those regions.

Should employees have sustained a personal injury by accident or disease arising out of and in the course of employment, the Group would also compensate them through the provision of the Employees' Compensation Ordinance of Hong Kong and the applicable laws formulated by regional governments. All qualified employees are entitled to paid annual leave, sick leave, injury leave, materiality leave and compassionate leave.

Environmental, Social and Governance Report (continued)

Beyond the previously mentioned leave entitlements, the Group's employees are also provided with additional benefits such as birthday red packets, discounts on the organisation's products, medical insurance coverage, and business travel insurance. Furthermore, the Group regularly reviews its existing policies and employment practices to ensure ongoing enhancement of its employee benefits and standards.

During the Reporting Period, the overall employee turnover rate³ was approximately 85% (2024: 45%). The turnover rate has increased due to the closure of our retail shops. The number of employees left and employee turnover rate by gender, age group and geographical region were as follows:

Employee turnover rate⁴	2025	2024
Overall Turnover Rate³	85%	45%
By Gender		
Male	82%	36%
Female	85%	47%
By Age Group		
<30	150%	100%
30-50	38%	48%
>50	175%	32%
By Geographical Region		
Hong Kong	95%	47%
Shenzhen	33%	43%
Macau	43%	0%

Notes:

3. Overall employee turnover rate = Total number of employees leaving employment during the year/Total number of employees at the end of the year × 100%.
4. Employee turnover rate = Total number of employees leaving employment during the year by category/Total number of employees at the end of the year by category × 100%.

Promotion and Dismissal

Annual performance reviews are done to identify training needs and career growth opportunities. Both employees and the Group can set short-term and long-term goals based on feedback. Sales directors should submit appraisals for retail staff to the directors, while office staff appraisals are prepared by their department heads.

The Group values the skills and experience of its employees and prefers to promote them rather than hire other employees externally. When considering appointments to higher level roles, the Group selects the most suitable candidate based on merit, rather than seniority. This approach enables the organisation to cultivate career growth opportunities for its existing employees while ensuring the most qualified individuals are placed in positions of greater responsibility.

Environmental, Social and Governance Report (continued)

Furthermore, unreasonable dismissal under any circumstances is strictly prohibited. Dismissal will only be carried out in a reasonable manner, and all issues will be fully communicated before formal dismissal to avoid any misunderstandings. The Group will ensure that termination procedures are compliant with internal policy and relevant laws and regulations and that the termination of the employment contract is justified and lawful.

Communication Channels

To gain insights into the diverse needs and expectations of its workforce, the Group utilises various management mechanisms and communication channels. These include internal mailing systems, employee satisfaction surveys, and meetings. In accordance with the Employee Handbook, employees are encouraged to report any irregularities to their supervisors or the Human Resources Department. All such complaints will be investigated and addressed confidentially. Through these engagement efforts, the Group aims to foster open and transparent dialogue, enabling it to continuously improve its policies and practices in response to employee feedback.

Health and Safety

The Group has prioritised health and safety on its agenda. The Group complies with applicable health and safety laws and regulations and upholds industry specific standards for best practice. In accordance with the health and safety policies, the Group has incorporated group-wide safety standards, which set out the minimum requirements for health and safety measures that apply to all workplaces and facilities. Governance for health and safety has been established to ensure clear delineation of responsibilities, coordination of emergency response planning, and record keeping procedures.

In 2025, the Group was not aware of any non-compliance with all relevant laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the Occupiers Liability Ordinance and the Occupational Safety and Health Ordinance of Hong Kong, the Production Safety Law of the PRC and the applicable occupational safety and health standards formulated by local governments.

During the Reporting Period, the Group was not aware of any non-compliance with all relevant laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. No work-related fatalities were noted during the past three consecutive years, including this year.

Health & Safety Indicators	Unit	2025	2024	2023
Work-related Fatalities	Numbers	0	0	0
Fatality Rate	%	0	0	0
Lost Days Due to Work Injury	Days	0	0	29

Occupational Health and Safety

The Group places a strong emphasis on maintaining a safe and healthy work environment for its employees. To this end, the company provides flexible rest day arrangements as well as regular medical check-ups and health screenings. Clear guidelines have also been established for work arrangements during typhoon and rainstorm warnings to prioritise employee safety.

Environmental, Social and Governance Report (continued)

On their first day, all new employees get detailed safety instructions, which are regularly updated by the maintenance team. These updates are shared with everyone during the annual safety meeting. Smoking is not allowed in the factories, which have fire extinguishers that are replaced every year. The Group also holds regular fire prevention talks and fire drills to make sure employees know how to respond to emergencies.

First aid exercises are also conducted periodically to build employees' capabilities in providing immediate assistance. Furthermore, the Group proactively identifies, assesses, and controls any potential hazards that could lead to workplace accidents across its various activities. Through these multi-faceted initiatives, the Group demonstrates its commitment to cultivating a safe, healthy, and risk-aware work culture.

Development and Training

The Group has committed to providing on-the-job education and training to its employees to enhance their knowledge and skills. Therefore, Continuing Professional Development in Internal Control Policies and Procedures Manual have been established to improve employees' knowledge and skills for discharging duties at work. Performance evaluations will be conducted annually. All employees are encouraged to participate in the training to enhance their working efficiency and to be better prepared for promotion. During the Reporting Period, a total of 120 hours (2024: 79 hours) of training for continuous professional development were provided to employees and management, with an average training hour of 2.31 hours (2024: 0.96 hours).

Labour Standards

The Group maintains an unwavering commitment to upholding fundamental human rights. It strictly prohibits any form of forced bonded or compulsory labour, human trafficking, slavery or servitude within its operations. The organisation has a zero-tolerance policy towards all forms of discrimination, harassment and bullying.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Labour Law of PRC and the Law of the PRC on the Protection of Labour Rights and Interests and other applicable laws formulated by the local governments.

Prevention of Child and Forced Labour

The Group maintains a rigorous employee onboarding process to uphold its commitment to ethical labour practices. As part of the registration procedure, all new hires must present a comprehensive suite of valid documents, including an identity card, vocational qualification certificate, social security card, medical/health certificate, and recent photographs. This meticulous documentation review helps the Group ensure compliance with labour laws and effectively prevents the employment of underage workers across its operations, including at factory sites.

Furthermore, the Group recognises the importance of work-life balance for its employees. As such, a standard 8-hour daily work schedule is the norm, and overtime is generally discouraged. However, in exceptional circumstances where overtime work is necessary, employees are compensated in accordance with local labour regulations. The Group has also established robust monitoring mechanisms to swiftly identify and address any potential violations of its child labour or forced labour policies. Should such infractions be discovered, the Group takes immediate action to terminate the employment contract with the offending party. To sustain the effectiveness of these measures, the Group regularly evaluates and refines its labour practices, upholding its unwavering commitment to ethical and responsible employment.

Environmental, Social and Governance Report (continued)

Supply Chain Management

The Group extends its effective governance to its supply chain. Therefore, the Group has Internal Control Policies and Procedures Manual in place to manage environmental and social risks of the supply chain and tries to engage suppliers with responsible acts to society in view of green supply chain management. The Sustainable Supply Chain Policy is being implemented in the following process:

- *Understanding:* The Group builds trust with suppliers and ensures that they have a clear understanding of the code.
- *Communication:* Communication channels between the Group and its suppliers are established to make sure any questions or concerns are quickly addressed.
- *Monitoring:* Regular reviews are made to check if suppliers are adhering to the standards outlined in the code.
- *Follow-up:* Follow up actions will be taken if any non-compliance is discovered during the regular reviews.

During the Reporting Period, the Group had a total of 43 major suppliers, the number of suppliers by geographical region is summarised in the following table:

Geographical Regions	Number
Hong Kong	10
Mainland China	31
Others (Italy, Japan, Korea)	2

Supplier Screening and Assessments

The Group adheres to the principle of transparency and implements the value of honesty, integrity and fairness in its supply chain management. The Group's procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure the business is conducted with legally, financially and technically sound entities.

Environmental, Social and Governance Report (continued)

A background inspection of the supplier will be conducted if there is any new purchase made by a new supplier. The management will review and approve at least two potential suppliers before placing the purchase order based on quality and price. As selection criteria for establishing a long-term relationship, the Group will consider the quality, environmental, and social aspects of the supplier's products.



Green Procurement

Group procurement will focus on local suppliers and environmentally friendly products and services to reduce carbon footprints caused by procurement. As part of its Sustainable Supply Chain Policy, the Group will prioritise suppliers who use environmentally preferable products and services in the selection process. All suppliers of the Group are subject to the above supply chain practices during the Reporting Period. By doing so, the Group will create jobs and support local economic development. Besides environmental concerns, the Group will also monitor the health, safety, forced labour, child labour and other standards of its suppliers and contractors. As a consideration for evaluating suppliers, we will visit suppliers' operating sites to make sure they can meet all aspects of standards if possible.

Product Responsibility

Providing customers with satisfactory products and services is of paramount importance to the Group. Ensuring customer satisfaction is the top priority in the Group's operations. Significant efforts are undertaken to comply with all applicable laws and regulations related to product health and safety, advertising, labelling, and privacy in the markets where the Group operates. The Group mandates that all employees strictly adhere to the relevant governmental and regulatory requirements.

Environmental, Social and Governance Report (continued)

During the Reporting Period, there were no sold or shipped products of the Group that were subject to recalls for safety and health reasons, and the Group was not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including but not limited to the Product Quality Law of the PRC, the Patent Law of the PRC, Trade Descriptions Ordinance of Hong Kong, and other applicable laws formulated by the local governments.

Product Quality Assurance

Quality management is emphasised by the Group as it directly affects the reputation of the Group. Implementing sound quality control is therefore fundamental to ensuring the quality and safety of the goods and services provided to customers. The Group has formulated Production Safety Control Procedures to ensure consistent product quality. If any product fails to meet the Group's standards, it will be dealt with internal recall procedures. The Group will evaluate the policy regularly to ensure its effectiveness.

During the Reporting Period, there were 0 complaints (2024: 0) regarding unsatisfactory service and allergies. In the event of any complaints, all complaint cases will be handled on an urgent basis. Therefore, we have taken steps to strengthen the quality control process and to improve the lingerie fabrics quality.

Customer Satisfaction

The Group values customer feedback and complaints, seeing them as essential for ongoing improvement. To handle issues effectively, the Group has strong procedures in place. When a customer complaint is received, the Group is committed to responding quickly and taking appropriate actions to resolve it. Significant complaints will be discussed in management meetings to identify root causes and prevent similar issues in the future.

The Group firmly believes that obtaining accurate and candid customer feedback is essential for enhancing the quality of its business operations. By encouraging and addressing customer input, the organisation can continue to evolve and deliver improved customer experience.

Data Privacy Protection

The Group takes robust measures to safeguard all sensitive information related to its customers, suppliers, and employees. Critical data, including HR records and financial details, is secured through password-encrypted systems. Employees can only access, retrieve, store, or copy data directly relevant to their work duties. The administrative department ensures the security of all computer data and protects against unauthorised access. Any misuse, unauthorised access, or mishandling of confidential information will result in disciplinary action, including possible immediate termination, under the Group's strict internal policies.

The Group respects the privacy of personal data. Protecting the personal data of customers and employees ensures legal compliance, financial stability, and sustained reputation, fostering a culture of trust among the Group and its stakeholders. The Group's Policy on Personal Data contains provisions on the legitimate purposes of collecting, using, retaining, sharing, transferring, and processing any personal data.

Environmental, Social and Governance Report (continued)

Intellectual Property (“IP”) Rights

Trademarks, patents, designs, copyrights and trade secrets created, owned or used by the Group, are included in the Group’s intellectual property. The design and marketing department is responsible for monitoring the need for the development of any IP. They will periodically review the market and the product, preparing reports for management to suggest any development or registration of IP. Any suggestions raised should be reviewed and approved by the head of the design and marketing department and notify the senior management before further study is carried out.

Employees are not allowed to use the Group’s intellectual property (IP) to make money without the directors’ permission. The design and marketing teams will check at least once every three months for anyone using the Group’s IP without approval. They will create a report each quarter summarizing their findings and send it to the administration department for review and record-keeping. If any cases of stolen IP are discovered, the Group will take immediate action.

Advertising and Labelling

Fair and unbiased information is emphasised in all marketing publications. All promotional materials must be examined by the management to ensure they adhere to all applicable advertising and intellectual property rights laws. To prevent infringement and infringement upon, the Group follows patents and licensing restrictions. The Group has also implemented registration to safeguard its intellectual property rights. During the Reporting Period, there were no incidents of non-compliance concerning marketing communications occurred within the Group.

Anti-corruption

The Group has a zero-tolerance policy regarding any form of unethical behaviour, such as fraud, bribery, forgery, extortion, conspiracy, embezzlement, and collusion. The Group’s Code of Conduct, Whistleblowing Policy, and Anti-money Laundering Policy in Internal Control Policies and Procedures Manual set out standards of conduct to which all employees are required to adhere to promote an environment of integrity in the workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group. No concluded legal cases regarding corrupt practices have been brought against the Group or its employees. Relevant laws and regulations include but are not limited to the “Company Law of the PRC”, the “Anti-money Laundering Law of the PRC” and the “Prevention of Bribery Ordinance” in Hong Kong.

To combat corruption and govern conflicts of interest, unless with the Group’s approval, directors and employees are prohibited from accepting any valuable items from co-workers, customers, suppliers or other stakeholders. Unless with approval, the Board and senior management members are also prohibited from engaging in any activities that involve a potential conflict of interest with the Group or may harm the Group’s overall interests. Breaches are subject to disciplinary actions, including termination of employment contracts where necessary. If there is sufficient evidence to suggest that a case of possible criminal offence or corruption exists, the matter will be reported by the Audit Committee to the relevant local authorities (for instance, Independent Commission Against Corruption in Hong Kong).

Environmental, Social and Governance Report (continued)

Anti-corruption Training

Ongoing anti-corruption staff training has also been carried out to ensure all directors and staff are fully aware of these policies. During the Reporting Period, the Group provided anti-corruption training to senior management and employees by circulating educational materials.

Whistleblowing Mechanism

The Group fosters a culture of accountability, encouraging employees and stakeholders to report any suspected misconduct through a confidential whistleblowing channel. All reported concerns are handled with the strictest confidentiality, and the Group ensures whistleblowers are protected from retaliation, such as unfair dismissal or unwarranted disciplinary action. The Group thoroughly investigates all incidents related to fraud and corruption, in accordance with the Whistleblowing Policy.

The Group has established robust procedures to address whistleblowing reports. A dedicated team reviews each case with impartiality and diligence, conducting thorough investigations to uncover the facts. Appropriate remedial actions are then taken, which may include disciplinary measures against implicated parties or referral to relevant authorities for further action. This approach helps to deter unethical practices and reinforces the Group's reputation as a trustworthy and responsible corporate citizen.

Community Investment

The Group sees community engagement as both a responsibility and a privilege, enabling lasting, meaningful interactions with stakeholders through giving back. Community involvement not only drives social progress, but also fosters corporate culture, facilitates networking, and provides employees with opportunities to make a positive impact. The Group proactively partners with charitable and non-profit organisations to tackle social and environmental issues, demonstrating its commitment as a responsible corporate citizen. The Group is delighted to create shared benefits for the community to improve the quality of life who are in need and establish long-term community partnerships and to promote community participation to recognise, encourage and support our employees to volunteer for the benefit of the community.

ESG REPORTING GUIDE CONTENT INDEX OF STOCK EXCHANGE

Mandatory Disclosure Requirements	Chapter/Statement
Governance Structure	Board Statement and ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Aspects, General Disclosures and KPIs

Description

Sections/Remarks

Aspect A1: Emissions

General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets
KPI A1.6	Description of how hazardous and nonhazardous waste is handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Environmental, Social and Governance Report (continued)

Aspects, General Disclosures and KPIs

Description

Sections/Remarks

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	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).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Use of Resources – Energy 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.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Environmental, Social and Governance Report (continued)

Aspects, General Disclosures and KPIs

Description

Sections/Remarks

Aspect A4: Climate Change

General Disclosure

Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

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.

Climate Change

Aspect B1: Employment

General Disclosure

Information on:

Employment

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

KPI B1.1

Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.

Employment

KPI B1.2

Employee turnover rate by gender, age group and geographical region.

Employment –
Remuneration and Welfare

Environmental, Social and Governance Report (continued)

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
Aspect B2: Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	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.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Environmental, Social and Governance Report (continued)

Aspects, General Disclosures and KPIs

Description

Sections/Remarks

Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Supplier Screening and Assessments
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Green Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Procurement

Environmental, Social and Governance Report (continued)

Aspects, General Disclosures and KPIs

Description

Sections/Remarks

Aspect B6: Product Responsibility

General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issues relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property (“IP”) Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Privacy Protection, Intellectual Property (“IP”) Rights

Environmental, Social and Governance Report (continued)

Aspects, General Disclosures and KPIs

Description

Sections/Remarks

Aspect B7: Anti-corruption

General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistleblowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-corruption Training

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Report of the Directors

The Directors hereby present this report and the audited consolidated financial statements of the Group for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is a prominent specialist retailer, brand owner and manufacturer of shaping lingerie products in Hong Kong and in the PRC with its own production facilities. While the major activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements. There have been no significant changes in the nature of the Group's principal activities during the reporting period.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has established compliance procedures to ensure compliance with, inter alia, applicable laws, rules and regulations that have a significant impact on its operations. The Board has delegated the audit committee to monitor and regularly review the Group's policies and practices regarding compliance with laws and regulations. The relevant employees and operation units will be informed of any changes in the applicable laws, rules and regulations from time to time.

To the best knowledge of the Board is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group during the reporting period.

The Company was not involved in any material litigation or arbitration during the reporting period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the reporting period.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2025 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on page 84 of this report.

No interim dividend (2024: Nil) was paid during the Year and the Board did not recommend any payment of a final dividend for the Year (2024: Nil). As at the date of this report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the reporting period in the property, plant and equipment of the Group are set out in note 20 to the consolidated financial statements.

BUSINESS REVIEW

For business review of the Group for the reporting period, please refer to "Management Discussion and Analysis" section of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmentally-friendly corporate environment that pays close attention to conserving natural resources. The Group strives to minimise its impact on the environment by reducing its electricity consumption and encouraging recycle of office supplies and other materials. As a responsible corporate citizen, the Company recognized its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with applicable laws and regulations regarding environmental protection and adopted effective environmental practices to ensure the business of the Group meet the required standards and ethics in respect of environmental protection. For further details, please refer to the "Environmental, Social and Governance Report" section of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's normal course of business is exposed to a variety of key risks including foreign currency risk, price risk, credit risk, interest rate risk and liquidity risk. Details of the aforesaid key risks and risk mitigation are elaborated in note 6 to the consolidated financial statements. The discussion forms part of this directors' report.

FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 152 in this report. Such summary does not form part of the audited consolidated financial statements of the Group.

SHARE CAPITAL

Details of the movements in the Company's share capital during the reporting period are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer its new shares on a pro-rata basis to the existing Shareholders.

SEGMENT INFORMATION

The analysis of geographical locations of the Company and its subsidiaries for the Year are set out in notes to the consolidated financial statements. Details of the segment information of the Group for the Year are set out in notes to the consolidated financial statements.

MATERIAL INVESTMENTS ACQUISITIONS OR DISPOSALS

For the year ended 31 March 2025, the Group did not have any material investments, acquisitions or disposals of subsidiaries, associates or joint ventures. There was no formal plan authorised by the Board for any material investments, acquisitions or disposals of subsidiaries, associates or joint ventures as at 31 March 2025 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares) during the Year. As at 31 March 2025, the Company has not held any treasury shares.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Company's securities, they are advised to consult their professional advisers.

RESERVES

Details of the movements in the reserves of the Company and the Group during the reporting period are set out in note 34(b) to the consolidated financial statements and in the consolidated statement of changes in equity on page 87 of this report respectively.

DISTRIBUTABLE RESERVES

No distributable reserves was available for distribution as at 31 March 2025 (2024: Nil).

DONATIONS

During the years ended 31 March 2025 and 2024, charitable and other donations made by the Group were less than HK\$10,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the Group has no major customers due to the nature of the principal activities of the Group. The Group's five largest customers' aggregate amount represented less than 30% of the Groups' total revenue for the year ended 31 March 2025 and 2024.

The Group's largest and five largest suppliers' aggregate amount represented approximately 79% (2024: approximately 31.6%) and 97% (2024: approximately 81.2%) of the Group's total purchases respectively.

To the best knowledge of the Directors, none of the Directors nor any of their close associates (as defined in the GEM Listing Rules) nor any Shareholders who or which own more than 5% of the Company's issued share capital had any beneficial interest in any of the Group's five largest suppliers during the reporting period.

DIRECTORS

The Directors during the reporting period and up to the date of this report were as follows:

Executive Directors

Mr. Jiao Dejun (appointed as executive director on 1 December 2025 and appointed as chairman on 19 December 2025)
Mr. Sun Tian (appointed as executive director on 24 April 2024, appointed as chairman on 10 September 2024 and resigned as chairman on 19 December 2025)
Mr. Zheng Sihui (resigned as chairman on 10 September 2024)
Mr. Hu Yanhui (appointed as executive director and chief executive officer on 4 November 2025)
Ms. Chen Lizhu (resigned as chief executive officer and remained as executive director on 18 March 2025; and resigned as executive director on 15 October 2025)
Mr. Xu Xue
Mr. Liu Jiawei (appointed on 4 November 2025)
Ms. Zhou Ying (appointed on 3 February 2025 and resigned on 15 October 2025)
Mr. Yang Mingyuan (appointed on 15 January 2025 and resigned on 15 October 2025)
Ms. Yang Xueling (appointed on 10 September 2024 and resigned on 19 December 2025)
Mr. Cheng Chok Yan (appointed on 29 July 2024 and resigned on 21 October 2024)
Mr. Chiu G Kiu Bernard (resigned on 29 July 2024)

Non-Executive Director

Mr. Shi Zhu (appointed on 27 December 2024 and resigned on 15 October 2025)

Independent Non-Executive Directors

Mr. Tong Zhu
Ms. Li Tiejing (appointed on 1 December 2025)
Mr. Li Hongwei (appointed on 1 December 2025)
Mr. Hong Sze Lung (appointed on 25 August 2025)
Mr. Lai Kim Fung (resigned on 1 December 2025)
Mr. Han Zhenghai (appointed on 15 January 2025 and resigned on 15 October 2025)
Ms. Mo Li (appointed on 27 December 2024 and resigned on 10 July 2025)
Mr. Tang Yiu Kay (resigned on 27 December 2024)

Pursuant to article 112 of the articles of association of the Company (the “**Articles**”), 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 or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under such article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting. As such, Mr. Jiao Dejun, Mr. Hu Yanhui, Mr. Liu Jiawei, Ms. Li Tiejing and Mr. Li Hongwei shall retire from office at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

Report of the Directors (continued)

Pursuant to article 108(a) of the Articles, notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. As such, in addition to the abovementioned directors, Mr. Sun Tian and Mr. Tong Zhu shall also retire from office at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed “Directors and Senior Management” of this report.

DIRECTORS’ SERVICE CONTRACTS

Each of the Directors has entered into a letter of appointment with the Company for an initial term of one year with effect from their respective date of appointment and thereafter shall continue year to year unless terminated by either party. Either party has the right to give not less than one month’s written notice to terminate the letter of appointment.

Save as disclosed above, none of the Directors has proposed or entered into any service agreement or appointment letter with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than the statutory compensation.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of their respective independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors remain independent as at the date of this report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, the Directors shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors’ and officers’ liability insurance coverage for the Directors and officers of the Company in respect of legal actions against the Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when this report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

CORPORATE GOVERNANCE

Save as disclosed in this report, the Company had complied with all the applicable code provisions as set out in the CG Code during the reporting period.

Details of the principal corporate governance practices of the Group are set out in the section headed “Corporate Governance Report” on pages 19 to 39 of this report.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 15 and 16 to the consolidated financial statements.

EMOLUMENT POLICY

The Directors and senior management of the Company receive compensation in the form of directors’ fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of the Group. The Group also reimburses the Directors and senior management of the Company for expenses which are necessarily and reasonably incurred for provision of services to the Group or executing their functions in relation to the Group’s operations. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of the Directors and performance of the Group. The Directors may also be offered options under share option scheme.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2025, the interests and short positions of Directors and chief executives of the Company and their respective associates in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), which are required (a) to be 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules, are as follows:

Name of Director	Number of Shares				Total	Approximate percentage of the issued share capital of the Company
	Personal interest	Spouse interests	Corporate interests	Other interests		
Ms. Chen Lizhu	9,550,000	–	–	–	9,550,000	0.74%
Ms. Yang Xueling	2,662,500	–	–	–	2,662,500	0.21%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as is known to the Directors, as at 31 March 2025, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Capital Realm Financial Holdings Limited (" Capital Realm ")	Beneficial owner (Note 1)	82,140,000	6.35%

Note:

1. Capital Realm Financial Holdings Limited is a direct shareholder of the Company. According to the information available to the Company, Capital Realm is a company listed on the Main Board of the Stock Exchange, (stock code: 204).

Save as disclosed above, as at 31 March 2025, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreements were entered into by our Group, or existed during the year ended 31 March 2025.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 19 June 2017 for the purpose of providing incentives or rewards to participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

Report of the Directors (continued)

Under the Share Option Scheme, the Board may grant options to eligible persons. Eligible persons of the Share Option Scheme include, among others, any employee (whether full-time or part-time employee), director (including non-executive director and independent non-executive director), supplier, customer, adviser (professional or otherwise), shareholder of any member of the Group (the **"Participants"**).

The total number of shares in respect of which options may be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue on the listing date of the Company (the **"Listing Date"**). The Company may refresh the 10% limit by seeking prior approval from the Shareholders in a general meeting, provided that the total number of Shares which may be issued upon exercise of all options and any other share option schemes of the Company, in aggregate, must not exceed 10% of the total number of Shares in issue as at the date of such Shareholders' approval of the refreshed limit.

No Participant shall be granted options which if exercised in full would result in the total number of Shares already issued under all the options granted to him which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period would exceed 1% of the total number of Shares in issue, provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, our Company may make further grant of options to such Participant (the **"Further Grant"**) notwithstanding that the Further Grant would result in the total number of Shares already issued under all the options granted to such Participant which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period exceed 1% of the total number of Shares in issue.

If a grant of option to a substantial Shareholder or an independent non-executive Director or their respective associates will result in the Shares issued and to be issued upon exercise of all options granted and to be granted (whether exercised, cancelled or and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the relevant class of Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5.0 million, then the proposed grant of options must be approved by the Shareholders in a general meeting.

Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The subscription price is determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the option, which must be a trading day; (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of ten years commencing on 19 June 2017, the adoption date and ending on the tenth anniversary of the adoption date (both dates inclusive) or unless terminated earlier by the Shareholders in general meeting. No share option has been granted by the Company under the Share Option Scheme since its effective date and up to the end of the reporting period.

The total number of shares available for issue under the Share Option Scheme is 48,000,000 shares of the Company, representing approximately 3.71% of the total number of shares of the Company in issue (excluding treasury shares, if any) as at the date of this report.

The number of share options available for grant under the Share Option Scheme was 48,000,000 as of 1 April 2024 and 48,000,000 share options as of 31 March 2025. As at 1 April 2024 and 31 March 2025, the Share Option Scheme has no service provider sublimit.

Report of the Directors (continued)

The number of Shares that may be issued in respect of the options granted under the Share Option Scheme during the Year is Nil, which when divided by 1,122,838,000 Shares (i.e. the weighted average number of Shares in issue for the Year) is also Nil.

The exercise of an option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each participant, which the Board may in its absolute discretion determine. No minimum vesting period requirement upon adoption. The Board and the Remuneration Committee of the Board are of the view that the options or awards which may be granted with no vesting period (which is also mentioned in the Share Option Scheme), is appropriate considering that the grants of the options serve as a recognition of the grantees' past contribution to the Group and as an incentive to the grantees to continuous contribution to the development of the Group.

The offer of a grant of share options under the Share Option Scheme may be accepted within 21 days from the date of the offer upon payment of a consideration of HK\$1 by the grantee.

Up to the date of this report, no share option had been granted, exercised, expired or lapsed by the Company under the Share Option Scheme and there was no outstanding share option during the reporting period and up to the date of this report.

As at the date of this report, the remaining life of the Share Option Scheme was approximately 1 year and 3 months.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 38 to the consolidated financial statements, neither Director nor a connected entity of a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the reporting period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed under the sections "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and "Share Option Scheme" above, at no time during the year ended 31 March 2025 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2025.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the reporting period is contained in note 38 to the consolidated financial statements. None of the transactions as described in the said note fell under the definition of connected transactions or continuing connected transaction.

CONTINUING CONNECTED TRANSACTIONS

The Group has not entered into other connected transaction or continuing connected transaction during the reporting period which should be disclosed pursuant to the requirements under the GEM Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 March 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained a sufficient public float throughout the year ended 31 March 2025 as required under the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group does not have any material subsequent events after 31 March 2025 and up to the date of this report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2025 have been audited by McMillan Woods (Hong Kong) CPA Limited who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

Save as disclosed above, there was no other change of the Company's auditors in any of the preceding three years.

OUTLOOK

The Company will continue to develop and grow while aiming to improve its financial position, business operation and industry reputation in order to create long-term value for shareholders.

By order of the Board

Jiao Dejun

Executive Director and Chairman

Hong Kong, 27 February 2026

Independent Auditor's Report



McMillanWoods

Professionalism at the forefront

To the Shareholders of

Ocean Star Technology Group Limited

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ocean Star Technology Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 84 to 151, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred net loss of approximately HK\$30,015,000 for the year ended 31 March 2025, and as at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK\$26,117,000 and HK\$25,862,000 respectively. In addition, the Group recorded net operating cash outflow and maintained cash and bank balances at a low level of approximately HK\$520,000 as at 31 March 2025. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters below as the key audit matters to be communicated in our report:

- (i) valuation of inventories
- (ii) impairment assessment on loan receivables and deposits and other receivables

Key Audit Matter

How our audit addressed the Key Audit Matter

(i) Valuation of inventories

Refer to material accounting policy information in note 4, critical judgements and key estimates in note 5 and relevant disclosures in note 23 to the consolidated financial statements.

The Group had significant inventories with carrying amount of approximately HK\$13,278,000 as at 31 March 2025. The carrying amount of inventories contributed a significant part of the Group's total current assets as at 31 March 2025 that was material to the consolidated financial statements.

The Group's inventories which comprise raw materials and finished goods. The Group's allowance for inventories is based on management's estimate of the expected magnitude of write down of the Group's inventories to its net realisable value during the course of the manufacturing process, current and projected demand from customers for the relevant inventories, the condition and utilisation potential of individual inventories and other customer-specific conditions, all of which involve the exercise of a significant degree of management judgement.

We identified valuation on inventories as a key audit matter because of its significance of the carrying amount to the consolidated financial statements and the estimation of net realisable value as well as related allowance made together with future sales forecasts involves significant management judgements. Actual sales are likely to be different from those estimates or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecast may be material.

Our procedures in relation to this matter included:

- Obtaining an understanding and evaluating the Group's internal control policy on allowance of inventories adopted by the management;
- Attending physical inventory counting to identify and assess any slow-moving and obsolete inventories by observing the physical conditions of inventories;
- Comparing inventory balances on a sample basis with respective balances in prior years to identify inventories which are relatively slow moving;
- Evaluating and assessing whether management had identified obsolete or slow-moving inventories appropriately and checked against respective sales volume and prices, if any, subsequent to the reporting date on sample basis for their consumption and valuation to assess whether those obsolete or slow-moving inventories identified had been accounted for in the inventory provision calculation;
- Enquiring the management about any expected changes in plans for production and forecast sales trends and compared their representations with actual sales and inventory movements subsequent to the reporting date; and
- Evaluating the appropriateness and reasonableness of the management's assumption on the assessment and the adequacy of the inventory allowance.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key Audit Matter

(ii) Impairment assessment on loan receivables and deposits and other receivables

Refer to the material accounting policy information in note 4, critical judgements and key estimates in note 5 and the relevant disclosures in note 25 to the consolidated financial statements.

The carrying amount of loan receivables and deposits and other receivables were approximately HK\$3,659,000 (net of allowance of expected credit losses ("ECL") on loan receivables of approximately HK\$3,181,000) and HK\$15,306,000 (net allowance for ECL of approximately HK\$4,204,000) as at 31 March 2025 that were material to the consolidated financial statements.

The measurement of forward-looking ECL approach requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models, such as the expected future cash flows and forward-looking macroeconomic factor. Management assesses whether the credit risk of loan receivables and deposits and other receivables have increased significantly since their initial recognition, and apply internal credit policy to assign a three-stage impairment model to calculate their ECLs under general approach.

The measurement models of ECLs involves significant management judgments and assumptions, primarily including selection of appropriate approach by grouping the debtors with same credit risk characteristics and determination of relevant key measurement parameters, including probability of default and exposure at default.

We focus on this area due to the significant estimates and judgements involved in determining the allowance for ECLs of loan receivables and deposits and other receivables.

How our audit addressed the Key Audit Matter

Our procedures in relation to this matter included:

- Obtaining an understanding and evaluating the Group's credit policy on loan receivables and deposits and other receivables and the Group's internal control policy over impairment of loan receivables and deposits and other receivables;
- Evaluating the experience, independence, competence and integrity of the professional qualified valuer engaged by the management;
- With the assistance of auditor's expert, assessing the reasonableness of the methodology used in the ECL model by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, loss given default and significant increase in credit risk;
- Evaluating whether the default rates are appropriately adjusted based on current economic conditions and forward looking information;
- Selecting samples to assess the reasonableness of management's judgments in determining (i) whether the loan receivables and deposits and other receivables have experienced a significantly increase in credit risk and (ii) whether they are credit-impaired and properly incorporated in the ECL model;
- Recalculating the amounts of the ECL on loan receivables and deposits and other receivables and assessing the appropriateness and adequacy of the ECLs during year ended 31 March 2025;
- Reviewing settlements subsequent to the financial year end relating to the loan receivables and deposits and other receivables as at 31 March 2025; and
- Reviewing the appropriateness of the disclosures including the disclosures of the Group's credit risk exposure and the impairment losses on the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement 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 HKSA's 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement 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 of the Company.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hui Chi Kong

Audit Engagement Director

Practising Certificate Number – P07348

24/F., Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

27 February 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	9	29,532	41,173
Cost of sales		(5,844)	(11,042)
Gross profit		23,688	30,131
Other income	10	262	162
Other gains and losses, net	11	(204)	(5,424)
Fair value gains/(losses) on financial assets at fair value through profit or loss ("FVTPL")		1,295	(2,295)
Impairment losses for deposits and other receivables		(3,765)	(166)
Impairment losses for loan receivables		(2,304)	(770)
Selling expenses		(12,301)	(20,163)
Administrative and other operating expenses		(35,738)	(27,842)
Loss from operations		(29,067)	(26,367)
Finance costs	12	(948)	(615)
Loss before tax		(30,015)	(26,982)
Income tax expense	13	–	(179)
Loss for the year	14	(30,015)	(27,161)
Other comprehensive income/(loss) for the year, net of tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement gains on defined benefit pension plans		236	28
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		478	(316)
Release of exchange differences upon the disposal of subsidiaries		–	42
Other comprehensive income/(loss) for the year		714	(246)
Total comprehensive loss for the year		(29,301)	(27,407)
Loss for the year attributable to owners of the Company per share			
Basic and diluted (<i>HK cents</i>)	19	(2.67)	(2.67)

Consolidated Statement of Financial Position

At 31 March 2025

	Note	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	20	–	2,555
Right-of-use assets	21	–	5,205
Intangible assets	22	–	–
Deposits	24	1,873	1,109
Loan receivables	25	–	3,932
		1,873	12,801
Current assets			
Inventories	23	13,278	16,447
Trade and other receivables	24	19,896	17,649
Loan receivables	25	3,659	6,369
Financial assets at FVTPL	26	1,985	690
Amount due from a shareholder	27	–	173
Pledged bank deposits	28	–	201
Cash and bank balances	28	520	5,050
		39,338	46,579
Current liabilities			
Trade and other payables	29	14,894	7,583
Contract liabilities	30	45,862	53,475
Lease liabilities	31	3,612	4,800
Current tax liabilities		1,087	1,009
		65,455	66,867
Net current liabilities		(26,117)	(20,288)
Total assets less current liabilities		(24,244)	(7,487)

Consolidated Statement of Financial Position (continued)

At 31 March 2025

	Note	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities	31	1,061	929
Retirement benefit obligations	17	557	659
		1,618	1,588
Net liabilities			
		(25,862)	(9,075)
Equity and reserves			
Share capital	32	12,936	10,363
Reserves	33	(38,798)	(19,438)
Capital deficiency			
		(25,862)	(9,075)

Approved and authorised for issue by the Board of Directors on 27 February 2026.

Jiao Dejun
Director

Xu Xue
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	
As at 1 April 2023	10,100	125,105	(34)	(552)	561	(121,968)	13,212
Loss for the year	-	-	-	-	-	(27,161)	(27,161)
Other comprehensive loss for the year							
Exchange difference on translating foreign operations	-	-	-	(316)	-	-	(316)
Remeasurement gains on defined benefit pension plans	-	-	-	-	-	28	28
Reclassification of foreign currency translation reserve upon disposal of subsidiaries (note 39(a))	-	-	-	42	-	-	42
Total comprehensive loss for the year	-	-	-	(274)	-	(27,133)	(27,407)
Transactions with owners in their capacity as owners:							
Placing of new shares under general mandate (note 32(a))	263	5,000	-	-	-	-	5,263
Share issue expenses	-	(143)	-	-	-	-	(143)
	263	4,857	-	-	-	-	5,120
At 31 March 2024 and 1 April 2024	10,363	129,962	(34)	(826)	561	(149,101)	(9,075)
Loss for the year	-	-	-	-	-	(30,015)	(30,015)
Other comprehensive income for the year							
Exchange difference on translating foreign operations	-	-	-	478	-	-	478
Remeasurement gains on defined benefit pension plans	-	-	-	-	-	236	236
Total comprehensive income/(loss) for the year	-	-	-	478	-	(29,779)	(29,301)
Transactions with owners in their capacity as owners:							
Placing of new shares under general mandate (notes 32(b) and (c))	2,573	10,230	-	-	-	-	12,803
Share issue expenses	-	(289)	-	-	-	-	(289)
	2,573	9,941	-	-	-	-	12,514
At 31 March 2025	12,936	139,903	(34)	(348)	561	(178,880)	(25,862)

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cash flows from operating activities		
Loss before tax	(30,015)	(26,982)
Adjustments for:		
Allowance for inventories	222	2,141
Amortisation of intangible assets	–	176
Rent concessions received	–	(15)
Depreciation of property, plant and equipment	1,679	1,976
Depreciation of right-of-use assets	6,227	9,913
Finance costs	948	615
Impairment losses for deposits and other receivables	3,765	166
Impairment losses for loan receivables	2,304	770
Impairment losses on property, plant and equipment and right-of-use assets	5,371	–
Gain on early termination of leases	–	(30)
Loss on disposal of subsidiaries	–	1,831
Loss on disposal of financial assets at FVTPL	–	881
Loss on disposal on property, plant and equipment	89	–
Interest income	(5)	(21)
Fair value (gains)/losses on financial assets at FVTPL	(1,295)	2,295
Write off of inventories	43	47
Write off of deposits, prepayments and other receivables	–	346
Operating loss before working capital changes	(10,667)	(5,891)
Decrease in inventories	2,867	2,434
Increase in trade and other receivables	(7,479)	(7,648)
Decrease/(increase) in loan receivables	4,338	(4,579)
Decrease in financial assets at FVTPL	–	2,334
Decrease in amount due from a shareholder	173	–
Increase in trade and other payables	5,059	1,438
Decrease in contract liabilities	(7,608)	(3,162)
Increase in provisions	124	687
Cash used in operations	(13,193)	(14,387)
Macao Complementary Tax refunded/(paid)	78	(23)
Net cash used in operating activities	(13,115)	(14,410)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2025

Note	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities		
	(72)	(108)
	99	–
39(a)	700	(3)
	201	–
	5	21
	933	(90)
Cash flows from financing activities		
	(5,038)	(10,170)
	(330)	(600)
	12,803	5,263
	(289)	(143)
	7,146	(5,650)
Net decrease in cash and cash equivalents		
	(5,036)	(20,150)
	506	(356)
Cash and cash equivalents at 1 April		
	5,050	25,556
Cash and cash equivalents at 31 March		
	520	5,050
Analysis of cash and cash equivalents		
28	520	5,050

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. CORPORATE INFORMATION

Ocean Star Technology Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 May 2016. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is located at Room 1606D&E, 16/F., Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 July 2017.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional and presentation currency of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and accounting principles generally accepted in Hong Kong. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”) and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern assumption

The Group incurred net loss of approximately HK\$30,015,000 for the year ended 31 March 2025 and as at 31 March 2025, the Group had net current liabilities and net liabilities of approximately HK\$26,117,000 and HK\$25,862,000, respectively. In addition, the Group recorded net operating cash outflow and maintained total cash and bank balances at a low level of approximately HK\$520,000 as at 31 March 2025. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group. The validity of the Group to operate as a going concern is dependent upon the successful outcomes of the Group to (i) attain profitable and positive cash flows from operations; and (ii) obtain external source of funding, at a level sufficient to finance the working capital requirements of the Group for the next twelve months. In order to strengthen the Group’s capital base and liquidity in the foreseeable future, the Group has taken the following measures:

- the directors of the Company have been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the Group’s revenue.

2. BASIS OF PREPARATION *(continued)*

Going concern assumption *(continued)*

- after the end of the reporting period, the Group obtained loan facilities from an independent third party.
- after the end of the reporting period, the Group entered into distribution agreement with an independent third party and received HK\$2,500,000.

The management have prepared the cash flow projections of the Group for a period of twelve months from the date of approval of these consolidated financial statements. After taken into account the available financial resources of the Group with the above measures, the directors of the Company are of the opinion that the Group is able to continue as a going concern and the Group will have sufficient financial resources to meet their financial liabilities as and when they fall due for the next twelve months. Accordingly, the directors of the Company are of the view that it is appropriate to adopt going concern basis in preparing these consolidated financial statements.

Should the Group be unable to continue as a going concern in the foreseeable future, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Group has applied the following revised and amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the revised and amendments to HKFRS Accounting Standards and interpretations in the current year has had no material impact on the Group's consolidated financial position 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 (continued)

For the year ended 31 March 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

Amendments to HKAS 21 and HKFRS 1 Amendments to HKFRS 9 and HKFRS 7	Lack of Exchangeability ¹ Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7 Annual improvement projects	Contracts Referencing Nature-dependent Electricity ² Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18 Amendments to HK Int 5	Presentation and Disclosure in Financial Statements ³ Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 21 Amendments to HKFRS 10 and HKAS 28	Translation to a Hyperinflationary Presentation Currency ³ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined by the HKICPA.

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance presented in the statement of profit or loss, which will affect how the Group presents and discloses financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures, and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention and going concern basis, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss. Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(d) Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(d) Foreign currency translation *(continued)*

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(e) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of the term of the lease and 3 years
Equipment	20%–33.33%
Furniture and fixtures	20%
Motor vehicles	20%

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liabilities. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(f) Leases *(continued)*

The Group as lessee *(continued)*

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised in the profit or loss in the period of write-down or loss occurs. The amount of any reversal of any write-down of inventories recognised as an increment in the amount of inventories and recognised in the profit or loss in the period in which the reversal occurs.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(h) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investments

An investment in equity securities is classified as FVTPL.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash at bank are assessed for expected credit losses (“ECL”).

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, 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.

Revenue from the sale of goods is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

Revenue from agency services is recognised at the point of time when the services are rendered.

Receipts in advance from credit package and member voucher are recognised as contract liabilities in the consolidated statement of financial position, and are recognised as revenue when control of the goods has transferred or services are rendered as described in the above accounting policy for revenue from the sale of goods and provision of services.

Interest income is recognised as it accrues using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(q) Employee benefits

(i) **Employee leave entitlements**

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) **Pension obligations**

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For long services payment (the "LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(iii) **Termination benefits**

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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 and deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to taxable or deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(s) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(t) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables, deposits, loan receivables, amount due from a shareholder, pledged bank deposits and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Significant increase in credit risk *(continued)*

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default;
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Impairment of financial assets *(continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated 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, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(u) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, material accounting policy information, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

(a) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(i) **Going concern basis**

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcomes of the Group to attain profitable and positive cash flows from operations and obtain external source of funding. Details are explained in note 2 to the consolidated financial statements.

(ii) **Significant increase in credit risk**

As explained in note 4(t), ECL under general approach for loan receivables, deposits and other receivables are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

(b) Key sources of estimation uncertainty

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

(i) **Impairment of property, plant and equipment and right-of-use assets**

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2025 were approximately HK\$Nil (2024: HK\$2,555,000) and HK\$Nil (2024: HK\$5,205,000), respectively and impairment losses of approximately HK\$760,000 (2024: HK\$Nil) and HK\$4,611,000 (2024: HK\$Nil) were recognised during the year ended 31 March 2025.

(ii) **Valuation on inventories**

The Group makes allowance for inventories based on an assessment of the ageing and net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories or that the inventories have no further use. The assessment of the allowance amount involves judgement and estimates. The Group's allowance for inventories is also based on management's estimate of the expected magnitude of write down of the Group's inventories to its net realisable value during the course of the manufacturing process, current and projected demand from customers for the relevant inventories, the condition and utilisation potential of individual inventories and other customer-specific conditions, all of which involve the exercise of a significant degree of management judgement. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

The carrying amount of inventories as at 31 March 2025 was approximately HK\$13,278,000 (net of allowance for inventories of approximately HK\$5,836,000) (2024: HK\$16,447,000 (net of allowance for inventories of approximately HK\$5,614,000)).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

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

(iii) Impairment of loan receivables

The management of the Group estimates the amount of impairment loss for ECL on loan receivables based on the credit risk of loan receivables. The amount of the impairment loss based on ECL model is 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, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2025, the carrying amount of loan receivables was approximately HK\$3,659,000 (net of allowance for ECL of approximately HK\$3,181,000) (2024: HK\$10,301,000 (net of allowance for ECL approximately HK\$877,000)).

(iv) Impairment of deposits and other receivables

The management of the Group estimates the amount of impairment loss for ECLs on deposits and other receivables based on the credit risk of these balances. The amount of the impairment loss based on ECLs model is 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, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2025, the carrying amounts of deposits and other receivables was approximately HK\$15,306,000 (net of allowance for ECL of approximately HK\$4,204,000) (2024: HK\$9,516,000 (net of allowance for ECL of approximately HK\$439,000)).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: (a) foreign currency risk, (b) price risk, (c) credit risk, (d) interest rate risk and (e) liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

The sensitivity analysis below have been determined based on the exposure to price risk at the end of reporting period.

If price of equity investments higher/lower by 10%, loss for the year would have been approximately HK\$199,000 (2024: HK\$69,000) lower/higher, arising as a result of the fair value gain/loss of financial assets at FVTPL.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables, deposits and other receivables, loan receivables, amount due from a shareholder, pledged bank deposits and bank balances. The Group's exposure to credit risk arising from pledged bank deposits and bank balances is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The Group has no significant concentrations of credit risk. At the end of reporting period, the credit risk on trade receivables is limited because the Group's trade receivables are due from banks with good high credit-ratings assigned by international credit-rating agencies.

The Group uses four categories for deposits, other receivables, and loan receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the ECL rates under general approach, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Basis for recognition of ECL provision
Performing	Low risk of default	12-month ECL
Underperforming	Significant increase in credit risk	Lifetime ECL (not credit-impaired)
Non-performing	The counterparty will enter bankruptcy	Lifetime ECL (credit-impaired)
Write off	There is no reasonable expectation of recovery	Amount is written off

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECL for deposits and other receivables:

Internal credit rating	ECL rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
31 March 2025				
Performing	0.59%	10,845	(64)	10,781
Underperforming	2.33%	4,633	(108)	4,525
Non-performing	100%	4,032	(4,032)	–
		19,510	(4,204)	15,306
31 March 2024				
Performing	0.08%	5,945	(53)	5,892
Underperforming	2.37%	3,712	(88)	3,624
Non-performing	100%	298	(298)	–
		9,955	(439)	9,516

Movement in the loss allowance for the deposits and other receivables during the year is as follows:

	12-month ECL HK\$'000	Lifetime ECL but not credit-impaired HK\$'000	Lifetime ECL (Credit-impaired) HK\$'000	Total HK\$'000
At 1 April 2023	41	–	232	273
Impairment losses recognised during the year	12	88	66	166
At 31 March 2024 and 1 April 2024	53	88	298	439
Impairment losses recognised during the year	11	20	3,734	3,765
At 31 March 2025	64	108	4,032	4,204

The increase in ECL allowance for lifetime ECL (credit-impaired) due to long outstanding debtors incurred during the year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECL for loan receivables:

Internal credit rating	ECL rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
31 March 2025				
Underperforming	3.7%	3,659	(136)	3,523
Non-performing	95.7%	3,181	(3,045)	136
		6,840	(3,181)	3,659
31 March 2024				
Performing	2.2%	6,182	(136)	6,046
Underperforming	14.8%	4,996	(741)	4,255
		11,178	(877)	10,301

The increase in ECL allowance due to the migration of long outstanding loan receivables, assessed based on the repayment history of individual debtors, from 12 month ECL in the prior year to lifetime ECL (credit impaired) in the current year amounted to approximately HK\$3,045,000 (2024: Nil).

Movement in the loss allowance for the loan receivables during the year is as follows:

	12-month ECL HK\$'000	Lifetime ECL but not credit-impaired HK\$'000	Lifetime ECL (Credit-impaired) HK\$'000	Total HK\$'000
At 1 April 2023	107	–	–	107
Impairment losses recognised for the year	81	689	–	770
Transfer for the year				
From 12-month ECL to not credit-impaired	(52)	52	–	–
At 31 March 2024 and 1 April 2024	136	741	–	877
Impairment losses recognised for the year	–	–	2,304	2,304
Transfer for the year				
From 12-month ECL to not credit-impaired	(136)	136	–	–
From not credit-impaired to credit-impaired	–	(741)	741	–
As at 31 March 2025	–	136	3,045	3,181

For amount due from a shareholder, there was no significant increase in credit risk since initial recognition. The Group assessed the expected credit loss to be immaterial.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Maximum exposure as at 31 March 2025

	12-month ECL	Lifetime ECL	Lifetime ECL	
	Performing HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	Total HK\$'000
Deposits and other receivables	10,845	4,633	4,032	19,510
Loan receivables	–	3,659	3,181	6,840
	10,845	8,292	7,213	26,350

Maximum exposure as at 31 March 2024

	12-month ECL	Lifetime ECL	Lifetime ECL	
	Performing HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	Total HK\$'000
Deposits and other receivables	9,657	–	298	9,955
Loan receivables	6,182	4,996	–	11,178
Amount due from a shareholder	173	–	–	173
	16,012	4,996	298	21,306

(d) Interest rate risk

The Group's lease liabilities bear interest at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's loan receivables, pledged bank deposits and bank balances bear interest at variable interest rates and therefore are subject to cash flow interest rate risks.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

No sensitivity analysis is presented since the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate pledged bank deposits and bank balances is limited due to their short maturities or the insignificant amounts involved.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group is exposed to liquidity risk as the Group incurred a loss of approximately HK\$30,015,000 for the year ended 31 March 2025 and, as at 31 March 2025, the Group had current liabilities and net liabilities of approximately HK\$26,117,000 and HK\$25,862,000 respectively. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations and the details of which are set out in note 2.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Weighted average interest rate %	Less than 1 year HK\$'000	1 to 2 years HK\$'000	Total Undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
31 March 2025					
Trade and other payables	N/A	14,894	–	14,894	14,894
Lease liabilities	4.75% to 5.63%	3,758	1,077	4,835	4,673
		18,652	1,077	19,729	19,567
31 March 2024					
Trade and other payables	N/A	7,583	–	7,583	7,583
Lease liabilities	4.75% to 5.63%	4,972	944	5,916	5,729
		12,555	944	13,499	13,312

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

6. FINANCIAL RISK MANAGEMENT *(continued)*

(f) Categories of financial instruments at 31 March

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at FVTPL		
Mandatory measured at FVTPL		
– Held for trading	1,985	690
Financial assets measured at amortised cost	20,220	25,665
Financial liabilities:		
Financial liabilities at amortised cost	8,840	4,407
Lease liabilities	4,673	5,729

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as at 31 March 2025 and 2024 as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

7. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 31 March

Description	Fair value measurements using:			Total 2025 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
– Unlisted equity securities	–	–	1,985	1,985

Description	Fair value measurements using:			Total 2024 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
– Unlisted equity securities	–	–	690	690

(b) Reconciliation of assets measured at fair value based on Level 3

Assets	2025 HK\$'000	2024 HK\$'000
Description		
Financial assets at FVTPL-Unlisted equity securities		
At 1 April	690	–
Addition	–	2,985
Fair value gain/(loss) recognised in profit or loss	1,295	(2,295)
At 31 March	1,985	690

During the years ended 31 March 2025 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

7. FAIR VALUE MEASUREMENTS *(continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2025 and 2024

The directors of the Company is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. Discussions of valuation processes and results are reviewed by the directors of the Company at least twice a year.

For Level 3 fair value measurements, the Group has engaged external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase in inputs	Fair value	
					2025 HK\$'000	2024 HK\$'000
Financial assets at FVTPL – Unlisted equity securities	Enterprise value-to-sales	Discount for lack of marketability	23% (2024: 22%)	Decrease (note)	1,985	690
		Enterprise value/sales	7.68 (2024: 3.82)	Increase		

Note: A decrease in discount for lack for marketability used in isolation would result in an increase in the fair value measurement of unlisted equity securities, and vice versa. As a result of the volatile financial market in 2025, the management adjusted the sensitivity rate from 18% to 28% for the purpose of performing the sensitivity analysis. A 5% increase/decrease, in discount for lack of marketability holding all other variables constant would be increase/decrease the carrying amount of the unlisted equity securities by HK\$128,000 (2024: HK\$84,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

8. OPERATING SEGMENT INFORMATION

The chief operating decision maker (“**CODM**”) has been identified as the executive directors of the Company (“**directors**”). The directors review the Group’s internal reporting for the purposes of resource allocation and assessment of segment performance which focused on the category of services and products provided to external customers. The directors of the Company have determined that the Group has only one reportable segment, being sales of lingerie products.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group’s other operating segments include money lending business. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments together with unallocated items are included in the “others” column.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment results do not include certain other income, other gains and losses and unallocated corporate expenses. Segment assets and liabilities are not presented in the consolidated financial statements as they are not regularly reviews by the CODM.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segments.

Year ended 31 March 2025

	Lingerie products HK\$'000	Others HK\$'000	Total HK\$'000
Revenue – External customers	29,532	–	29,532
Segment results	(3,703)	(3,513)	(7,216)
Unallocated income and expenses, net			(22,799)
Loss before tax			(30,015)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

8. OPERATING SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

Year ended 31 March 2024

	Lingerie products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue – External customers	38,756	2,417	41,173
Segment results	7,173	1,452	8,625
Unallocated income and expenses, net			(35,607)
Loss before tax			(26,982)

Other segment information

The following is an analysis of the amounts included in the measure of segment information.

Year ended 31 March 2025

	Lingerie products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions of property, plant and equipment	72	–	72
Additions of right-of-use assets	5,639	–	5,639
Depreciation of property, plant and equipment	1,134	545	1,679
Depreciation of right-of-use assets	5,975	252	6,227
Impairment losses on property, plant and equipment and right-of-use assets	5,126	245	5,371

Year ended 31 March 2024

	Lingerie products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions of property, plant and equipment	61	47	108
Additions of right-of-use assets	504	–	504
Depreciation of property, plant and equipment	1,329	647	1,976
Depreciation of right-of-use assets	7,671	2,242	9,913
Amortisation of intangible assets	–	176	176

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

8. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

The Group's revenue from external customers by location of operations and information about the its non-current assets (excluding deposits and loan receivables) by location of assets are as follows:

	Revenue		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	26,677	37,863	–	6,445
Macau	2,846	3,274	–	1,075
The People's Republic of China (the "PRC")	9	36	–	240
	29,532	41,173	–	7,760

Information about major customers

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the years ended 31 March 2025 and 2024.

9. REVENUE

Revenue represents the aggregation of net amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Products and services transferred at a point in time within the scope of HKFRS 15:		
Sales of lingerie products	29,532	38,756
Provision of social influencers agency services through an online platform	–	74
	29,532	38,830
Revenue from other sources		
Interest income from loan financing	–	2,343
	29,532	41,173

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

10. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	5	21
Rent concessions received	–	15
Others	257	126
	262	162

11. OTHER GAINS AND LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Allowance for inventories	(222)	(2,141)
Loss on disposal of financial assets at FVTPL	–	(881)
Loss on disposal of subsidiaries	–	(1,831)
Gain on early termination of leases	–	30
Loss on disposal on property, plant and equipment	89	–
Net foreign exchange gains	–	27
Write off of deposits, prepayments and other receivables	–	(346)
Write off of inventories	(43)	(47)
Others	(28)	(235)
	(204)	(5,424)

12. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest expenses on lease liabilities	330	600
Other interest expenses	618	15
	948	615

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

13. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Provision for the year		
– Hong Kong Profits Tax	–	179

Under the two-tiered Profits Tax regime in Hong Kong, the first HK\$2 million of profits of a Group's qualifying subsidiary established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the Group's entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5% for the years ended 31 March 2025 and 2024.

For the Group's subsidiary established and operated in Macau is subject to Macao Complementary Tax, under which taxable income up to MOP600,000 is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% for the years ended 31 March 2025 and 2024.

For the Group's subsidiaries established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at the rate of 25% (2024: 25%). No provision for EIT is made since the Group has no assessable profit for the years ended 31 March 2025 and 2024.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax	(30,015)	(26,982)
Tax at the Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	(4,952)	(4,452)
Tax effect of income that is not taxable	(318)	(628)
Tax effect of expenses that are not deductible	2,373	3,734
Tax effect of temporary differences not recognised	2,194	184
Tax effect of tax losses not recognised	705	2,281
Tax effect of utilisation of tax losses not previously recognised	(24)	(811)
Tax benefits	(51)	(205)
Effect of different tax rates of subsidiaries	73	76
Income tax expense	–	179

At the end of the reporting period, the Group has unused tax losses in total of approximately HK\$47,459,000 (2024: HK\$43,592,000) that are available for offsetting against their future taxable profits. No deferred tax asset has recognised due to the unpredictability of further profit streams. Included in unrecognised tax losses are losses of approximately HK\$10,862,000 (2024: HK\$12,206,000) that will expire in five years. Other tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

14. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit service	700	730
Allowance for Inventories	222	2,141
Amortisation of intangible assets (included in administrative and other operating expenses)	–	176
Cost of inventories recognised as an expenses (note)	5,749	11,042
Depreciation of property, plant and equipment	1,679	1,976
Depreciation of right-of-use assets	6,227	9,913
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative and other operating expenses)	1,200	3,016
Expenses relating to variable lease payment (included in selling expenses)	8	169
Impairment losses for deposits and other receivables	3,765	166
Impairment losses for loan receivables	2,304	770
Impairment losses on property, plant and equipment and right-of-use assets (included in administrative and other operating expenses)	5,371	–
Staff costs (including directors' emoluments (note 15(a)))		
– Salaries, bonuses and allowances	17,710	21,707
– Service costs of long service payments	124	669
– Retirement benefit scheme contributions	709	730
	18,543	23,106

Note: Cost of inventories includes staff costs and depreciation of approximately HK\$2,527,000 (2024: HK\$6,505,000) which are included in the amounts disclosed separately.

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Fees	387	360
Other emoluments		
Salaries and allowances	3,967	3,040
Retirement benefit scheme contributions	44	21
	4,011	3,061
	4,398	3,421

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

	Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
31 March 2025				
<i>Executive directors</i>				
Mr. Zheng Sihui (note (i))	–	267	–	267
Mr. Xu Xue	–	600	–	600
Ms. Chen Lizhu (note (iii))	–	1,841	18	1,859
Mr. Chiu G Kiu Bernard (note (iv))	–	275	12	287
Mr. Sun Tian (note (v))	–	300	–	300
Mr. Cheng Chok Yan (note (vi))	–	408	14	422
Ms. Yang Xueling (note (vii))	–	200	–	200
Mr. Yang Mingyuan (note (xi))	–	25	–	25
Ms. Zhou Ying (note (xiii))	–	19	–	19
	–	3,935	44	3,979
<i>Non-executive director</i>				
Mr. Shi Zhu (note (viii))	–	32	–	32
<i>Independent non-executive directors</i>				
Mr. Tang Yiu Kay (note (ix))	90	–	–	90
Mr. Tong Zhu	120	–	–	120
Mr. Lai Kim Fung	120	–	–	120
Mr. Han Zhenghai (note (xii))	25	–	–	25
Ms. Mo Li (note (x))	32	–	–	32
	387	–	–	387

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2024				
<i>Executive directors</i>				
Mr. Zheng Sihui (chairman) (note (i))	–	600	–	600
Mr. Tam Chak Chi (note (ii))	–	196	9	205
Mr. Xu Xue	–	600	–	600
Ms. Chen Lizhu (chief executive officer) (note (iii))	–	803	–	803
Mr. Chiu G Kiu Bernard (note (iv))	–	841	12	853
	–	3,040	21	3,061
<i>Independent non-executive directors</i>				
Mr. Tang Yiu Kay	120	–	–	120
Mr. Tong Zhu	120	–	–	120
Mr. Lai Kim Fung	120	–	–	120
	360	–	–	360

Note:

- (i) Mr. Zheng Sihui resigned as an executive director and chairman on 10 September 2024.
- (ii) Mr. Tam Chak Chi resigned on 19 September 2023, he also served as the company secretary of the Company until 10 August 2023. Company Secretary fee of approximately HK\$106,000 (2023: HK\$180,000) during the year ended 31 March 2024 were not included in the above director's emolument analysis.
- (iii) Ms. Chen Lizhu was appointed as an executive director and chief executive officer on 19 September 2023. She resigned as chief executive officer on 18 March 2025.
- (iv) Mr. Chiu G Kiu Bernard was appointed as an executive director on 19 September 2023 and also served as the Company Secretary since 10 August 2023. He resigned from his positions on 29 July 2024.
- (v) Mr. Sun Tian was appointed as an executive director on 24 April 2024 and also served as chairman since 10 September 2024.
- (vi) Mr. Cheng Chok Yan was appointed as an executive director on 29 July 2024 and also served as the company secretary of the Company. He resigned from his position on 21 October 2024.
- (vii) Ms. Yang Xueling was appointed as an executive director on 10 September 2024.
- (viii) Mr. Shi Zhu was appointed as a non-executive director on 27 December 2024.
- (ix) Mr. Tang Yiu Kay resigned as an independent non-executive director on 27 December 2024.

15. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

Note: *(continued)*

- (x) Ms. Mo Li was appointed as independent non-executive director on 27 December 2024.
- (xi) Mr. Yang Mingyuan was appointed as an executive director on 15 January 2025.
- (xii) Mr. Han Zhenghai was appointed as an executive director on 15 January 2025.
- (xiii) Ms. Zhou Ying was appointed as an executive director on 3 February 2025.
- (xiv) Mr. Hong Sze Lung is appointed as independent non-executive director on 25 August 2025.

There was no arrangement under which a director waived or agreed to waive any emolument during the year (2024: HK\$Nil).

During the year, no emolument has been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office.

There was no discretionary bonus paid or payable to any of the directors during the year (2024: HK\$Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

16. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group during the year included four directors (2024: four directors) whose emoluments are reflected in the analysis presented in note 15 to the consolidated financial statements. The emoluments of the remaining one (2024: one) individuals are set out below:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	501	600
Retirement benefit scheme contributions	–	18
	501	618

No emolument has been paid to any highest paid employee as an inducement to join or upon joining the Group, or as compensation for loss of office during the year (2024: Nil).

The number of non-directors, highest paid employees, whose emoluments fell within the following band, is as follows:

	2025	2024
Nil to HK\$1,000,000	1	1

17. RETIREMENT BENEFIT SCHEMES

(a) Employees of the Group in Hong Kong

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund scheme of the Group (the “MPF Scheme”). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions made to the MPF Scheme vest immediately.

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group’s subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

17. RETIREMENT BENEFIT SCHEMES *(continued)*

(a) Employees of the Group in Hong Kong *(continued)*

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57) *(continued)*

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a postemployment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date.

LSP obligation

Movements in the present value of unfunded LSP obligation in the current year were as follows:

	2025 HK\$'000	2024 HK\$'000
Opening unfunded obligation	659	–
Current service cost	124	669
Interest cost	10	18
Remeasurement of long service obligations recognised in other comprehensive income		
– Actuarial losses arising from changes in financial assumptions	(236)	(28)
Closing unfunded obligation	<u>557</u>	<u>659</u>

The average duration of the benefit obligation at 31 March 2025 is 5 years (2024: 11 years).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

17. RETIREMENT BENEFIT SCHEMES (continued)

(a) Employees of the Group in Hong Kong (continued)

The above expenses are recognised in the following line items in the consolidated statement of profit or loss:

	2025 HK\$'000	2024 HK\$'000
Administrative expense	124	669

Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	2025 %	2024 %
Discount rate	2.89	3.70
Future salary increases	2.50	2.50
Expected investment return on offsettable MPF accrued benefits	2.89	4.00

The sensitivity analysis below shows how the provision of long service payments would have increased/decreased as a result of 0.25% change in the significant actuarial assumptions:

	2025		2024	
	Increase in 0.25%	Decrease in 0.25%	Increase in 0.25%	Decrease in 0.25%
Discount rate	(3)	3	(19)	18
Future salary increases	-	-	2	(1)

(b) Employees of the Group in Macau

The Group participates social benefit scheme which is Social Security Benefits under the Social Security Fund of Government of the Macau SAR (the "Macau Scheme"). The Macau Scheme is the first tier of the two-tier social security system under the Macau SAR Law No. 4/2010 (Social Security System) effective on 1 January 2011. The current social security coverage covers all residents in Macau SAR to allow them to receive basic old-age security. As stipulated in the Executive Order of Macau SAR with effect from 1 January 2017, the contribution amounts for the long-term employee are MOP90 per month (employer's contribution: MOP60, employee's contribution: MOP30). In accordance with the provisions of Macau SAR Law No. 4/2010, the employer can deduct the employee's portion of contributions from his/her wages.

17. RETIREMENT BENEFIT SCHEMES *(continued)*

(c) Employees of the Group in the PRC

Pursuant to the relevant labour rules and regulations in the PRC, employees of the Group in the PRC participated in the central pension scheme (the “**PRC Scheme**”), which is a defined contribution plan administered by the PRC government, whereby the Group is required to make contributions to the PRC Scheme based on certain percentages of the eligible employees’ salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. Contributions made to the PRC Scheme vest immediately.

The Group’s contributions under the abovementioned defined contribution plans in Hong Kong, Macau and the PRC are expensed as incurred and not reduced by contributions forfeited by those employees who leave the defined contribution plans prior to vesting fully in the contributions.

18. DIVIDEND

No dividend had been paid or declared by the Company during the year (2024: HK\$Nil).

19. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(30,015)</u>	<u>(27,161)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,122,838</u>	<u>1,018,556</u>

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 March 2025 and 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2023	5,432	2,277	1,028	1,092	9,829
Additions	6	81	21	–	108
Transfer from right-of-use assets (note 21)	–	–	–	346	346
Disposal of subsidiaries (note 39(a))	–	(124)	–	–	(124)
Write off	–	(618)	(5)	–	(623)
Exchange differences	(5)	(5)	(9)	–	(19)
At 31 March 2024 and 1 April 2024	5,433	1,611	1,035	1,438	9,517
Additions	70	–	2	–	72
Disposals	(87)	–	–	(688)	(775)
Write off	(954)	(45)	–	–	(999)
Exchange differences	–	–	(1)	–	(1)
At 31 March 2025	4,462	1,566	1,036	750	7,814
Accumulated depreciation and impairment					
At 1 April 2023	2,953	1,746	428	523	5,650
Disposal of subsidiaries (note 39(a))	–	(30)	–	–	(30)
Charge for the year	1,253	213	154	356	1,976
Write off	–	(618)	(5)	–	(623)
Exchange differences	(1)	(1)	(9)	–	(11)
At 31 March 2024 and 1 April 2024	4,205	1,310	568	879	6,962
Charge for the year	1,023	105	154	397	1,679
Disposals	(61)	–	–	(526)	(587)
Write off	(954)	(45)	–	–	(999)
Impairment losses	249	196	315	–	760
Exchange differences	–	–	(1)	–	(1)
At 31 March 2025	4,462	1,566	1,036	750	7,814
Carrying amount					
At 31 March 2025	–	–	–	–	–
At 31 March 2024	1,228	301	467	559	2,555

Details of the impairment assessment of property, plant and equipment are set out in note 21 to the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

21. RIGHT-OF-USE ASSETS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 April	5,205	15,889
Additions	5,639	504
Impairment losses	(4,611)	–
Disposal of subsidiaries (note 39(a))	–	(49)
Transfer to property, plant and equipment (note 20)	–	(346)
Early termination of leases	–	(834)
Depreciation	(6,227)	(9,913)
Exchange difference	(6)	(46)
	<hr/>	<hr/>
At 31 March	–	5,205

Lease liabilities of approximately HK\$4,673,000 (2024: HK\$5,729,000) were recognised with related right-of-use assets of approximately HK\$Nil (2024: HK\$5,205,000) as at 31 March 2025.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation expenses on right-of-use assets	6,227	9,913
Impairment losses	4,611	–
Rent concessions received	–	(15)
Gain on early termination of leases	–	(30)
Interest expense on lease liabilities (included in finance costs)	330	600
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative and other operating expenses)	1,200	3,016
Expenses relating to variable lease payment (included in selling expenses)	8	169

Details of total cash outflow for leases is set out in note 39(c) to the consolidated financial statements.

The Group leases various offices, warehouses and retail stores for its operations. Lease contracts are entered into for fixed term of 1 to 3 years (2024: 1 to 3 years). 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 (continued)

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21. RIGHT-OF-USE ASSETS (continued)

The Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments recognised in profit or loss for the year is summarised below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Retail stores		
Fixed payments	5,662	9,880
Variable payments	8	169
Rent concessions received	–	(15)
	5,670	10,034

At 31 March 2025, it is estimated that an increase in sales generated from these retail stores by 5% would have increased the lease payments by approximately HK\$148,000 (2024: approximately HK\$194,000).

Impairment assessment

At the end of reporting period, due to operating loss of the Group during the year ended 31 March 2025, the management of the Group conducted impairment assessment on recoverable amounts of cash-generating units (the "CGU") to which property, plant and equipment and right-of-use assets were allocated.

The recoverable amount of CGU were determined based on value-in-use calculations with reference to the valuation performed by an independent professional qualified valuer. The calculation were prepared using a cash flow projections derived from financial budgets approved by the management covering a five-year period, and applied a pre-tax discount rate of 14.29%. The Group estimates pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The annual revenue growth rate 2.5% was applied, which is consistent with the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption adopted in the value-in-use calculation was the budgeted gross margin of 68%, determined with reference to the CGU' past performance, management expectations of the market development and volatility in financial markets including potential disruptions to the retail business.

As at 31 March 2025, the recoverable amounts of the CGU of HK\$Nil which are lower than their carrying amounts. Based on the above assessment, impairment loss on property, plant and equipment and right-of-use assets amounted to approximately HK\$760,000 and HK\$4,611,000 were recognised for the year ended 31 March 2025 respectively.

As at 31 March 2024, no impairment loss was recognised as the recoverable amount of CGU of lingerie product is higher than its carrying amount.

Notes to the Consolidated
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For the year ended 31 March 2025

22. INTANGIBLE ASSETS

	Online platform <i>HK\$'000</i>
Cost	
At 1 April 2023	957
Disposal of subsidiaries (note 39(a))	(957)
As at 31 March 2024, 1 April 2024 and 31 March 2025	–
Accumulated amortisation	
At 1 April 2023	63
Amortisation for the year	176
Disposal of subsidiaries (note 39(a))	(239)
As at 31 March 2024, 1 April 2024 and 31 March 2025	–
Carrying amount	
As at 31 March 2025	–
As at 31 March 2024	–

23. INVENTORIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Raw materials	1,608	2,830
Work-in-progress	–	278
Finished goods	17,506	18,953
	19,114	22,061
Less: allowance for inventories	(5,836)	(5,614)
	13,278	16,447

Allowance for inventories of approximately HK\$222,000 (2024: HK\$2,141,000) was included in the cost of sales for the year ended 31 March 2025.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

24. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables (note (i))	735	424
Prepayments (note (ii))	5,728	8,818
Rental deposits	2,069	5,012
Other deposits	5,071	2,389
Other receivables (note (iii))	12,370	2,554
	25,973	19,197
Allowance for deposits and other receivables	(4,204)	(439)
	21,769	18,758
Analysed as:		
Current assets	19,896	17,649
Non-current assets	1,873	1,109
	21,769	18,758

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	19,896	17,900
Renminbi ("RMB")	1,600	824
Pataca ("MOP")	273	34
	21,769	18,758

Note:

- (i) The Group allows a credit period of 0 to 30 days (2024: 0 to 30 days) to its customers for its trade receivables.

The customers of the Group would usually settle payments by cash, EPS or credit cards. For EPS and credit card payments, the banks will normally settle the amounts received, net of handling charges, a few days after the trade date. The trade receivables balance mainly represents payments that are not yet settled by banks.

The ageing analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	735	424

As at 31 March 2025, none of trade receivables were considered as past due but not impaired (2024: HK\$Nil).

24. TRADE AND OTHER RECEIVABLES *(continued)*

Note: *(continued)*

- (ii) The amount represents prepayment for purchase of inventory for lingerie products.
- (iii) The amount represents mainly the receivable arising from disposal of subsidiaries amounting to HK\$Nil (2024: HK\$700,000), advanced operating expenses kept by staff amounting to approximately HK\$1,011,000 (2024: HK\$1,127,000), receivables from former director amounting to approximately HK\$2,596,000 (2024: HK\$Nil) and various miscellaneous receivables amounting to approximately HK\$8,763,000 (2024: HK\$727,000).

25. LOAN RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loan receivables – unsecured	6,840	11,178
Less: Allowance for loan receivables	(3,181)	(877)
	3,659	10,301

The Group's loan receivables, which arise from the money lending business in Hong Kong, had a loan period of 1 to 2 years (2024: 1 to 2 years). The loans provided to customers bore floating interest rate ranged from 17.63% to 41.88% (2024: 17.63% to 41.88%) per annum for the year ended 31 March 2025 according to the terms of the loan agreements.

The maturity profile of these loan and interest receivables from customers, at the end of the reporting period, net of allowance of ECL, analysed by remaining periods to their contracted maturity, is as follow:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Receivables:		
Less than 1 year	3,659	6,369
Between 1 year to 2 years	–	3,932
	3,659	10,301

The loan receivables outstanding as at 31 March 2025 and 2024 are denominated in HK\$.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

26. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Equity securities held for trading, at fair value		
– Unlisted equity securities (note)	1,985	690

The carrying amount of the above financial assets are measured at FVTPL in accordance with HKFRS 9.

The carrying amount of financial assets at FVTPL of the Group are denominated in US\$.

Note:

As at 25 May 2023, the Group acquired 1.3% of the issued share capital at a consideration of HK\$2,895,000 of the unlisted company incorporated in the Cayman Islands. The investee is an investment holding company, with a major subsidiary, OTSAW Ltd, engaged in robotics technologies and next-generation artificial intelligence for healthcare, security delivery and mobility applications to improve safety, business processes and everyday lives.

Management engaged an independent professional qualified valuer to determine the fair value of the investment as at 31 March 2025 and 2024. The valuer adopted the market approach, with valuation parameters derived from market prices and financial data of comparable companies operating in similar industries, together with the financial information of the unlisted company. Based on this assessment, the investment is classified within Level 3 of the fair value hierarchy. Details of the valuations are disclosed in note 7 to the consolidated financial statements.

27. AMOUNT DUE FROM A SHAREHOLDER

The amount due is unsecured, interest-free and repayable on demand. The carrying amount of amount due from a shareholder of the Group is denominated in HK\$.

28. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Pledged bank balances	–	201
Cash and bank balances	520	5,050
	520	5,251

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

28. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES *(continued)*

The carrying amount of pledged bank deposits and cash and bank balances of the Group are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	285	4,494
RMB	171	75
MOP	62	662
US\$	2	20
	520	5,251

At the end of reporting period, the cash and bank balances of the Group denominated in RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

At 31 March 2024, the Group's pledged bank deposits represented deposits pledged to a bank to secure business credit card of the Group.

29. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	53	328
Accruals and other payables (note)	14,841	7,255
	14,894	7,583

The credit periods on trade payables offered by suppliers are within 60 days (2024: 60 days).

Note: Included in accruals and other payables were accrued staff cost of approximately HK\$6,054,000 (2024: HK\$3,176,000) and accrued rental of approximately HK\$3,470,000 (2024: HK\$1,250,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

29. TRADE AND OTHER PAYABLES (continued)

The ageing analysis of trade payables based on the date of receipt of goods is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 60 days	53	241
Over 60 days	–	87
	53	328

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	12,739	5,927
RMB	1,823	1,642
MOP	332	14
	14,894	7,583

30. CONTRACT LIABILITIES

	Credit package <i>HK\$'000</i>	Member voucher <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2023	56,590	52	56,642
Receipts from sales of credit package, member voucher	29,679	–	29,679
Revenue recognised upon sales of goods	(32,843)	–	(32,843)
Exchange differences	–	(3)	(3)
	53,426	49	53,475
At 31 March 2024 and 1 April 2024	16,881	–	16,881
Receipts from sales of credit package, member voucher	(24,494)	–	(24,494)
Revenue recognised upon sales of goods	45,813	49	45,862
At 31 March 2025	45,813	49	45,862

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

30. CONTRACT LIABILITIES (continued)

The contract liabilities represent consideration received in advance from customers for the Group's obligation to transfer good to customers. The contract liabilities will be recognised as revenue when the Group transferred the control of the goods underlying the particular performance obligation is transferred to customers. The contract liabilities as at 31 March 2025 and 2024 is expected to be recognised within two years.

The decrease in contract liabilities as at 31 March 2025 and 2024 was mainly due to the utilisation of credit package had been outweighed receipts from sales of credit package during the year.

31. LEASE LIABILITIES

	Minimum lease payments		Present value if minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	3,758	4,972	3,612	4,800
More than one year, and within the second year	1,077	944	1,061	929
	4,835	5,916	4,673	5,729
Less: Future finance charges	(162)	(187)	N/A	N/A
Present value of lease obligations	4,673	5,729	4,673	5,729
Less: Amount due for settlement within 12 months (shown under current liabilities)			(3,612)	(4,800)
Amount due for settlement after 12 months			1,061	929

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.63% (2024: 4.75% and 5.63%).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

31. LEASE LIABILITIES (continued)

The lease liabilities of the Group are denominated in the following currencies:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	4,673	5,534
RMB	–	195
	4,673	5,729

32. SHARE CAPITAL

	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	4,000,000	40,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2023	1,010,000	10,100
Placing of new shares under general mandate (note (a))	26,315	263
At 31 March 2024 and 1 April 2024	1,036,315	10,363
Placing of new shares under general mandate (note (b))	41,832	418
Placing of new shares under general mandate (note (c))	215,500	2,155
At 31 March 2025	1,293,647	12,936

Notes:

- (a) On 3 November 2023, the Company entered into a placing agreement with uSMART Securities Limited for the placing of 200,000,000 ordinary shares at a price of HK\$0.2 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties. The placing was completed on 4 December 2023. An aggregate of 26,314,500 placing shares were successfully placed at the placing price of HK\$0.2 per placing share. The net proceeds from placing, after deducting share issue expenses of approximately HK\$0.1 million, amounted to approximately HK\$5.1 million. Details of the placing shares were disclosed in announcements of the Company dated 3 November 2023, 6 November 2023, 20 November 2023 and 4 December 2023.

32. SHARE CAPITAL *(continued)*

Notes: *(continued)*

- (b) On 29 May 2024, the Company entered into a placing agreement with uSMART Securities Limited for the placing of upto 175,685,500 ordinary shares at a price of HK\$0.1 per placing share. The placing was completed on 24 June 2024. An aggregate of 41,832,500 placing shares were successfully placed to not less than six individual placees at the placing price of HK\$0.1 per placing share. The net proceeds from the placing, after deducting share issue expenses of approximately HK\$0.2 million, amounted to approximately HK\$4.0 million. Details of the placing were disclosed in announcements of the Company dated 29 May 2024 and 24 June 2024.
- (c) On 25 November 2024, the Company, entered into the placing agreement with Pinestone Capital Limited and Ruisen Port Securities Limited for the placing of 215,500,000 ordinary shares at a price of HK\$0.04 per placing share. The placing was completed on 30 December 2024. An aggregate of 215,500,000 placing shares were successfully placed to not less than six individual placees at the placing price of HK\$0.04 per placing share. The net proceeds from the placing, after deducting share issue expenses of approximately HK\$0.19 million, was approximately HK\$8.36 million. Details of the placing were disclosed in announcements of the Company dated 25 November 2024, 17 December 2024, 18 December 2024 and 30 December 2024.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

The Group monitors its capital structure on the basis of gearing ratio. The Group's gearing ratios at the end of reporting period were as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Lease liabilities	4,673	5,729
Less: Cash and cash equivalents	(520)	(5,050)
Net debts	4,153	679
Capital deficiency	(25,862)	(9,075)
Gearing ratio	N/A	N/A

The only externally imposed capital requirement for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply with the GEM Listing Rules from the date of the Listing.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

33. RESERVES

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

Nature and purpose of reserves

(a) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Capital reserve

Capital reserve of the Company represents differences between the consideration paid over the nominal value of the share capital of subsidiaries as a result of the group reorganisation.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(e) to the consolidated financial statements.

(d) Statutory reserve

In accordance with the PRC Company Law and the Group's PRC subsidiaries' articles of association, the Group's PRC subsidiaries are required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC companies to the statutory reserve until such reserve reaches 50% of the registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as paid-in capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the paid-in capital of the Group's subsidiaries.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		–	1,002
Right-of-use assets		–	441
Investments in subsidiaries		–	20
Deposits		44	44
		44	1,507
Current assets			
Deposits, prepayments and other receivables		9,553	10,296
Financial assets at FVTPL		1,985	690
Amount due from a shareholder		–	44
Cash and bank balances		9	1,680
		11,547	12,710
Current liabilities			
Other payables		5,679	2,413
Lease liabilities		195	248
		5,874	2,661
Net current assets			
		5,673	10,049
Total assets less current liabilities			
		5,717	11,556
Non-current liabilities			
Lease liabilities		–	195
Net assets			
		5,717	11,361
Equity and reserves			
Share capital	32	12,936	10,363
Reserves	34(b)	(7,219)	998
Total equity			
		5,717	11,361

Approved and authorised for issue by the Board of Directors on 27 February 2026.

Jiao Dejun
Director

Xu Xue
Director

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

(b) Reserves movement of the Company

	Share premium account <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2024	125,105	(106,036)	19,069
Placing of new shares under general mandate	5,000	–	5,000
Share issue expenses (note 32(a))	(143)	–	(143)
Loss and total comprehensive income for the year	–	(22,928)	(22,928)
At 31 March 2024 and 1 April 2024	129,962	(128,964)	998
Placing of new shares under general mandate	10,230	–	10,230
Share issue expenses (notes 32(b) and 32(c))	(289)	–	(289)
Loss and total comprehensive income for the year	–	(18,158)	(18,158)
At 31 March 2025	139,903	(147,122)	(7,219)

35. CONTINGENT LIABILITIES

During the course of business, the Group has been involved in litigations initiated by various landlords and service provider in respect of contract disputes, including the claims of insignificant or unspecified amounts. Some of these cases have been concluded by court proceedings and/or settlements, while some of the litigations are still pending judgement. As the Group has already accounted for the related payables in the consolidated financial statements, the directors of the Company are of the view that the litigations will not have any significant financial impact to the Group.

As at 31 March 2024, the Group did not have any significant contingent liabilities.

36. CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any significant capital commitments (2024: HK\$Nil).

37. LEASE COMMITMENT

The Group entered into short-term leases for office and retail stores during the reporting period. As at 31 March 2025, the outstanding lease commitments relating to these office and retail stores are approximately HK\$504,000 and HK\$Nil respectively (2024: HK\$Nil and HK\$986,000 respectively).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

38. RELATED PARTY TRANSACTIONS

Other than those related party balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

The emoluments of directors and other members of key management during the year was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Fees	317	360
Other emoluments		
Salaries and allowances	3,967	3,881
Retirement benefit scheme contributions	44	33
	4,011	3,914
	4,328	4,274

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of subsidiaries

Ocean Star Technology Investment Limited (the “**Vendor**”), a direct wholly-owned subsidiary of the Company, and independent third party (the “**Purchaser**”) entered into the conditional sales and purchase agreement (“**S&P Agreement**”), pursuant to which the Vendor conditionally agreed to sell, and the Purchasers conditionally agreed to purchase entire equity interest, being 100% of issued share capital of the Hong Kong Good Think Network Technology Co., Limited (“**Good Think**”) and its subsidiary 深圳市好得物網絡科技有限公司 (the “**Good Think Group**”) at a consideration of HK\$700,000. The Good Think Group was engaged in provision of agency services during the year, including but not limited to soliciting and procuring social influencers or talents to live streaming on an online platform, and shall be entitled to performance-based service fees. The disposal of Good Think Group was completed on 25 March 2024.

Net assets at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	94
Right-of-use assets	49
Intangible assets	718
Goodwill	1,600
Deposits and other receivables	249
Cash and bank balances	3
Accruals and other payables	(30)
Lease liabilities	(51)
Deferred tax liabilities	(59)
	<hr/>
Net assets disposed of	2,573
Release of foreign currency translation reserve	(42)
Loss on disposal of subsidiaries	(1,831)
	<hr/>
Total consideration	700
	<hr/>
Consideration satisfied by:	
Other receivables	700
	<hr/>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(3)
	<hr/>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table set forth below is the detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities <i>HK\$'000</i>
At 1 April 2023	16,373
Commencement of new tenancy agreement	504
Cash flows	(10,770)
Rent concessions received	(15)
Disposal of subsidiaries (note 39(a))	(51)
Early termination of leases	(864)
Finance lease charges	600
Exchange difference	(48)
	5,729
At 31 March 2024 and 1 April 2024	5,639
Commencement of new tenancy agreement	(1,651)
Accruals	(5,368)
Cash flows	330
Finance lease charges	(6)
Exchange difference	4,673
At 31 March 2025	4,673

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within operating cash flows	1,208	3,185
Within financing cash flows	5,368	10,770
	6,576	13,955

These amounts relate to lease rental paid.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(d) Major non-cash transaction

- (i) During the year ended 31 March 2025, the Group recognised additions to right-of-use assets of approximately HK\$5,689,000 (2024: HK\$504,000) and related leases liabilities of HK\$5,639,000 (2024: HK\$504,000) upon commencement of lease.
- (ii) During the year ended 31 March 2025, the company has recognised rental expenses of approximately HK\$3,470,000 (2024: HK\$1,250,000) representing accruals recorded in respect of lease agreement upon commencement of lease.

40. SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2025 and 2024 are as follows:

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest		Principal activities and place of operation
			2025	2024	
Direct hold					
Wish Enterprise Limited	The BVI	2 ordinary shares @US\$1 each	100%	100%	Investment holding, Hong Kong
Glory Unique Limited	The BVI	2 ordinary shares @US\$1 each	100%	100%	Investment holding, Hong Kong
Ocean Star Technology Investment Limited	Hong Kong	HK\$10,000	100%	100%	Investment holding, Hong Kong
海納星空健康產業發展有限公司 Ocean Star Health Industry Development Limited	Hong Kong	HK\$10,000	100%	100%	Investment holding, Hong Kong
Indirect hold					
My Heart Bodibra Limited	Hong Kong	HK\$100	100%	100%	Retail sales of lingerie products, Hong Kong
My Heart Factory Limited	Hong Kong	HK\$5	100%	100%	Design and manufacture of lingerie products and provision of lingerie alteration service, Hong Kong
Excellent Goldenfield Limited	Hong Kong	HK\$1	100%	100%	Investment holding, Hong Kong
Chuang Ming Services Limited	Hong Kong	HK\$10,000	100%	100%	Money lending, Hong Kong
My Heart Bodibra Lingerie (Macau) Limited	Macau	MOP25,000	100%	100%	Retail sales of lingerie products, Macau

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2025

40. SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest		Principal activities and place of operation
			2025	2024	
華心思製衣(深圳)有限公司 Huaxinsi Zhiyi (Shenzhen) Co., Ltd. (note (a)) ("Hua Xin Si") (note (b))	The PRC	Registered and paid up capital: RMB1,000,000	100%	100%	Design, manufacture and sales of lingerie products, the PRC
心心芭迪貝伊內衣(深圳)有限公司 Xin Xin Badibeiyi Lingerie (Shenzhen) Co., Ltd. (note (a)) ("Xin Xin") (note (b))	The PRC	Registered: RMB1,000,000 Paid up: RMB600,000	100%	100%	Retail sales of lingerie products, the PRC

Note:

- (a) The English translation of company names in Chinese are for identification purpose only.
- (b) Hua Xin Si, Xin Xin, Haodewu, Guantianxia and HIZ are wholly-foreign owned enterprises established in the PRC.

41. SHARE OPTION SCHEME

On 19 June 2017, written resolution of the sole shareholder of the Company was passed to conditionally approve and adopt a share option scheme ("**Share Option Scheme**") to recognise and motivate the contributions that eligible participants have made or may make to the Group.

The Share Option Scheme adopted by the Company on 19 June 2017 will remain in force for a period of ten years from its effective date to 18 June 2027. Particulars of the Share Option Scheme of the Company are set out on pages 74 to 76 of the Company's annual report.

No share option has been granted by the Company under the Share Option Scheme since its effective date and up to the end of the reporting periods.

The number of options available for grant under the Share Option Scheme at 31 March 2025 were 48,000,000 and at 31 March 2024 were 48,000,000, which represented 10% of the total number of share in issue of the Company on the date of adoption of Share Option Scheme.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 27 February 2026.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	2025 <i>HK\$'000</i>	Year ended 31 March			
		2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	29,532	41,173	44,689	46,587	53,431
(Loss)/profit before tax	(30,015)	(26,982)	(34,660)	(18,669)	4,425
Income tax expense	–	(179)	(60)	(136)	(724)
(Loss)/profit for the year	(30,015)	(27,161)	(34,720)	(18,805)	3,701

ASSETS AND LIABILITIES

	2025 <i>HK\$'000</i>	As at 31 March			
		2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets	1,873	12,801	30,398	28,617	30,330
Current assets	39,338	46,579	62,997	66,875	31,394
Current liabilities	(65,455)	(66,867)	(74,168)	(81,941)	(86,497)
Non-current liabilities	(1,618)	(1,588)	(6,015)	(6,948)	(3,904)
Net (liabilities)/assets	(25,862)	(9,075)	13,212	6,603	(28,677)
(Capital deficiency)/ total equity	(25,862)	(9,075)	13,212	6,603	(28,677)