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)

Annual Report

2023/24

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zheng Sihu *(Chairman)*
Ms. Chen Lizhu *(Chief Executive Officer)*
(appointed on 31 July 2023)
Mr. Xu Xue
Mr. Chiu G Kiu Bernard
(appointed on 19 September 2023)
Mr. Sun Tian
(appointed on 24 April 2024)
Mr. Tam Chak Chi (resigned on 19 September 2023)

Independent Non-Executive Directors

Mr. Tang Yiu Kay
Mr. Tong Zhu
Mr. Lai Kim Fung

BOARD COMMITTEES

Audit Committee

Mr. Tang Yiu Kay *(Chairman)*
Mr. Tong Zhu
Mr. Lai Kim Fung

Nomination Committee

Mr. Lai Kim Fung *(Chairman)*
Mr. Tang Yiu Kay
Mr. Tong Zhu
Ms. Chen Lizhu (appointed on 8 May 2024)
Mr. Xu Xue
Mr. Chiu G Kiu Bernard
(appointed on 19 September 2023 and resigned on 8 May 2024)
Mr. Tam Chak Chi (resigned on 19 September 2023)

Remuneration Committee

Mr. Lai Kim Fung *(Chairman)*
Mr. Tang Yiu Kay
Mr. Tong Zhu
Ms. Chen Lizhu
(appointed on 8 May 2024)
Mr. Xu Xue
Mr. Chiu G Kiu Bernard
(appointed on 19 September 2023 and resigned on 8 May 2024)
Mr. Tam Chak Chi (resigned on 19 September 2023)

AUTHORISED REPRESENTATIVES

Mr. Xu Xue
Mr. Chiu G Kiu Bernard
(appointed on 19 September 2023)
Mr. Tam Chak Chi (resigned on 19 September 2023)

COMPLIANCE OFFICER

Mr. Chiu G Kiu Bernard
(appointed on 10 August 2023)
Mr. Tam Chak Chi (resigned on 19 September 2023)

COMPANY SECRETARY

Mr. Chiu G Kiu Bernard
(appointed on 10 August 2023)
Mr. Tam Chak Chi (resigned on 10 August 2023)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1/F., Lok Kui Industrial Building
6–8 Hung To Road, Kwun Tong
Kowloon, 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 2024 (the "**Year**").

The business landscape witnessed difficulties and challenges last year. Given that the COVID-19 pandemic no longer posed a threat to public health and quarantine measures were lifted, Hong Kong was supposed to expect gradual recovery in its economic and social activities. Nonetheless, the global economy faced a volley of challenges such as persistently high US interest rates, immense pressure on the Chinese real estate industry, continuing conflicts like the Russia-Ukraine war and the Gaza conflict, as well as the political and economic rivalry between China and the United States, and other escalating geopolitical tensions. In addition, the local market was exposed to post-pandemic unfavourable elements, including revenge travels, an emigration wave, and northbound spending. As a result, the local retail market suffered a double blow from such internal and external unfavourable factors, and the market recovery remained out of sight, and even weaker than during the pandemic.

At the time of writing, there are macro factors that negatively impact the market, including the uncertainty of the timing for the US Federal Reserve to lower interest rates, ongoing political, economic, and military rivalries on the international stage, especially no signs of easing tensions between China and the United States, the continuation of the Russia-Ukraine war and the Gaza conflict, and the pressures faced by the Chinese mainland economy. On the local front, while the revenge travels and emigration wave tend to decelerate, the trend of northbound spending still persists. The local retail industry faces competition from mainland China in terms of price, quality of products and services, as well as production and delivery speed. Therefore, it is expected that the local retail industry will continue to face a challenging and tough year. Fortunately, the Group had taken early measures in 2023 to optimize our sales network coverage by closing underperforming lingerie stores. We have also exercised strict control over costs and other operating expenses, terminated non-core influencer agency services business in response to the challenging environment of the past year.

During the Year, the Group's turnover was HK$41.2 million and gross profit was approximately HK$30.1 million with a gross profit margin of approximately 73.1%. Loss for the year amounted to approximately HK$27.2 million. The Board does not recommend the payment of a final dividend for the year ended 31 March 2024.

Looking ahead, it is expected that the Hong Kong retail market remains challenging, and 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 opportunity in the market for the Group. The Group will exercise prudence in response 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 will allocate its resources to two major businesses, namely the functional lingerie and the great health. On one hand, the Group aims to consolidate and enhance its local lingerie business while expanding into the lingerie market in Mainland China. On the other hand, it will explore opportunities in the great health business industry in Mainland China by developing a health product and service system based on the theory of Chinese medicine, with a focus on health management, chronic disease treatment, disease prevention, and anti-aging. The Group will build a moxibustion chain and an industrial chain to create a one-stop health management platform and the biomedical field. We aspire to bring about stable and long-term returns for the Group and its shareholders, while enhancing the Group's ability to withstand adversities.

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.

Zheng Sihu
Chairman

28 June 2024

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 Hong Kong. During the year ended 31 March 2024 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" and sub-brands, namely "June", "ooobiki", "Bodicare" and "invisi". 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.

During the year under review, the uncertainties of political, military, economic and social factors as mentioned in the "Chairman's Statement" section directly affected the local consumer sentiment and make the overall local retail consumer market remain dull.

In view of the weak retail consumer market, the Group optimized its lingerie stores network coverage and changed from self-production of certain lingerie products in the production facility in the People's Republic of China to OEM in the year of 2022/23. During the year ended 31 March 2024, the Group shut down a lingerie store to further enhance the overall operational efficiency. Besides these, the Group effectively enforced the cost control measures and readjusted its business portfolio by terminating its noncore business in provision of social influencers agency service in an effort to refocus on its principal business and develop the great health business during the year.

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 opportunity 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 optimize its existing resources so as to enhance the profitability and core competitiveness. In addition, parallel to its focus on the lingerie business, the Group will also focus to develop the great health business, with the objectives of generating additional return, broadening its revenue base, enhance the efficiency of capital use and further promote the performance of the Group in different areas. The Group will strive to maintain steady growth and to maximise returns for the investors.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2024, the Group's revenue principally derived from (1) sales of lingerie products of approximately HK$38.8 million, representing a decrease of approximately 9.3% as compared to previous financial year; and (2) other operating segments of approximately HK$2.4 million, representing an increase of approximately 33.3% 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$44.7 million for the year ended 31 March 2023 to approximately HK$41.2 million 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$11.0 million for the year ended 31 March 2024, representing a decrease of approximately 20.9% compared with the cost of sales of approximately HK$13.9 million for the year ended 31 March 2023. 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 2.3% from approximately HK$30.8 million for the year ended 31 March 2023 to approximately HK$30.1 million for the year ended 31 March 2024.

Selling Expenses

The Group's selling expenses decreased by approximately HK$3.4 million from approximately HK$23.6 million for the year ended 31 March 2023 to approximately HK$20.2 million for the year ended 31 March 2024, 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$0.3 million from approximately HK$27.5 million for the year ended 31 March 2023 to approximately HK$27.8 million for the year ended 31 March 2024, 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$27.0 million for the year ended 31 March 2024 compared with a loss before tax of approximately HK$34.7 million for the year ended 31 March 2023, which was mainly due to the absence of share of loss of an associate of approximately HK$5.0 million which was incurred for the year ended 31 March 2023, the decrease in staff cost and depreciation of right-of-use assets.

Income Tax Expense

Income tax expense increased to approximately HK$0.2 million for the year ended 31 March 2024 (2023: HK$60,000).

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$27.2 million for the year ended 31 March 2024, compared with a loss for the year of approximately HK$34.7 million for the year ended 31 March 2023.

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 2024, the Group had loans receivable of approximately HK$10.3 million (2023: approximately HK$6.5 million) with gross principal amount of approximately HK$8.4 million (2023: approximately HK$5.6 million), related gross interest receivables carrying amount of approximately HK$2.7 million (2023: HK$1.0 million) and net of allowance of ECL of approximately HK$0.8 million (2023: approximately HK$0.1 million). As at 31 March 2024 and 2023, the total carrying amount (net of ECL) of the loans accounting for approximately 92.8% and 98.5% respectively of the entire loan portfolio of the Group. For the year ended 31 March 2024 and 2023, the Group granted three and three new unsecured loans to corporate entities respectively, which accounted for four and three corporate entities in total respectively, all of them are independent third parties to the Group. Four loans were outstanding as at 31 March 2024, 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 29.1% to the total loans receivable of the Group). The borrowers of the four outstanding loans are private companies incorporated in Hong Kong, with principal businesses including logistics, food & beverage, digital assets trading, and wholesale and retail. The Group recorded interest income from loans receivable of approximately HK$2.3 million for the year ended 31 March 2024 (2023: approximately HK$1.0 million).

For the year ended 31 March 2024, the principal amounts of the loans ranged between approximately HK$0.4 million (after a partial repayment of approximately HK$0.4 million during the Period) and 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% (2023: 17.13% to 41.00%) per annum for the year ended 31 March 2024 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 2024, 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 2% to 15% 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.

Various identification documents shall be 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 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.

For the year ended 31 March 2024 and 2023, the Group's impairment losses for loan receivables were approximately HK$0.8 million and HK$0.1 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 Period, please refer to notes 4 and 5 to the consolidated financial statements. Details of loans receivable are set out in note 27 to the consolidated financial statements.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2024 (2023: Nil).

RESULTS OF FINANCIAL POSITION

The Group's total assets decreased by approximately HK$34.0 million to approximately HK$59.4 million as at 31 March 2024 (2023: approximately HK$93.4 million).

The Group's total liabilities decreased by approximately HK$11.7 million to approximately HK$68.5 million as at 31 March 2024 (2023: approximately HK$80.2 million).

The equity of the Company decreased by approximately HK$22.3 million to a capital deficiency of approximately HK$9.1 million as at 31 March 2024 (2023: approximately HK$13.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had net current liabilities of approximately HK$20.3 million (31 March 2023: approximately HK$11.2 million). The Group had cash and bank balances of approximately HK$5.1 million as at 31 March 2024 (31 March 2023: approximately HK$25.6 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 4 December 2023, placing of new shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company's annual general meeting held on 29 August 2023 was completed in accordance with the terms of the placing agreement dated 3 November 2023. An aggregate of 26,314,500 placing shares have been successfully placed to not less than six independent third parties at the placing price of HK$0.2 per placing share. The net proceeds from the placing (after deducting the placing commission and other related expenses, including, among others, the professional fees) are approximately HK$5.1 million. The net proceeds are intended to be used for the development of great health business, operation and business enhancement of lingerie products segment and general working capital of the Group. Upon completion of the aforesaid placing of new shares, the total number of issued shares of the Company increased from 1,010,000,000 shares to 1,036,314,500 shares. Details of the placing shares were disclosed in announcements of the Company dated on 3 November 2023, 6 November 2023, 20 November 2023 and 4 December 2023. Save as disclosed above, there were no other material changes in the capital structure of the Group during the year. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2024, the Company's issued share capital was HK$10,363,145 of HK$0.01 each and the number of its issued ordinary shares was 1,036,314,500.

Details of changes in the Company's share capital for the year ended 31 March 2024 are set out in note 35 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 2024, it is not meaningful to calculate the gearing ratio (31 March 2023: 70%).

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 2024, the Group had 68 full-time employees (31 March 2023: 73 full-time employees). The total staff cost amounted to approximately HK$23.1 million (2023: HK$26.9 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 2024, the Directors considered the Group's foreign exchange risk remained minimal.

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 31 March 2024, 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 note 45 to the consolidated financial statements, no other material subsequent events undertaken by the Company or by the Group after the reporting period.

FUND-RAISING ACTIVITIES AND USE OF PROCEEDS

Rights issue completed on 19 August 2022 (the "Rights Issue") and use of proceeds

On 17 June 2022, the Company announced the Rights Issue. The reasons for the Rights Issue was, among others, to allow additional funding to strengthen the financial position of the Group and to implement the strategies to expand the Group's existing business through tapping into the online e-commerce market and/or expanding offline retailing sales channel. On 19 August 2022, the Company completed the Rights Issue and issued 270,000,000 rights shares at the subscription price of HK$0.1 per rights share (and the net price of approximately HK$0.096 per rights share). The aggregate nominal value of the rights shares amounted to HK$2,700,000 based on the par value of HK$0.01. The market price per share of the Company was HK$0.170 as quoted on 17 June 2022, being the date of the announcement regarding the Rights Issue. The gross and net proceeds from the Rights Issue after deducting the expenses involved were HK$27.0 million and approximately HK$26.0 million respectively. Details were set out in the Company's announcements dated 17 June 2022 and 19 August 2022 and the Company's prospectus dated 29 July 2022. The Company intended to use the net proceeds for (i) financing the expansion of the Group's business and (ii) general working capital of the Group.

Intended use of net proceeds from the Rights Issue	Planned use of proceed as described in the announcement dated 19 August 2022 *HK$'million*	Actual use of net proceeds up to 31 March 2024 *HK$'million*	Unused total net proceeds as at 31 March 2024 *HK$'million*
Expansion of the Group's business	20.8	20.8	–
Working capital	5.2	5.2	–
	26.0	26.0	–

Placing completed on 20 March 2023 (the "Placing 1")

Reference is made to the announcements issued by the Company on 23 February 2023 and 20 March 2023 in relation to the placing of new shares under the general mandate.

On 23 February 2023, 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 120,000,000 placing shares at the placing price of HK$0.15 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 development and growth. The market price per share of the Company was HK$0.132 as quoted on the Stock Exchange on 23 February 2023, being the agreement date of the Placing 1.

The Placing 1 was completed on 20 March 2023. An aggregate of 110,000,000 placing shares (the aggregate nominal value of which amounted to HK$1,100,000 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$16.5 million (equivalent to approximately HK$0.150 per placing share) and HK$16.2 million (equivalent to approximately HK$0.1473 per placing share) as set out in the Company's announcement dated 20 March 2023. The Company intended to use the proceeds for (i) expansion of the Group's business and (ii) general working capital of the Group.

Intended use of net proceeds from the Placing 1	**Planned use of proceeds as described in the announcement dated 20 March 2023** *HK$'million*	**Actual use of net proceeds up to 31 March 2024** *HK$'million*	**Unused total net proceeds as at 31 March 2024** *HK$'million*
Expansion of the Group's business	9.0	9.0	–
Working capital	7.2	7.2	–
	16.2	16.2	–

Placing completed on 4 December 2023 (the "Placing 2")

Reference is made to the announcements issued by the Company on 3 November, 6 November, 15 November, 20 November 2023 and 4 December 2023 in relation to the placing of new shares under the general mandate.

On 3 November 2023, 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 200,000,000 placing shares at the placing price of HK$0.20 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$0.236 as quoted on the Stock Exchange on 3 November 2023, being the date of the Placing 2.

The Placing 2 was completed on 4 December 2023. An aggregate of 26,314,500 placing shares (the aggregate nominal value of which amounted to HK$263,145 based on the par value of HK$0.01) have been successfully placed to five individual placees, namely (i) Ms. ZHAO Yifang (趙一方); (ii) Ms. CHEN Wanzhen (陳婉珍); (iii) Ms. SHENG Jianfang (盛建芳); (iv) Ms. LYU Qiuhong (呂秋紅); and (v) Ms. SHI Yaping (施亞萍) with gross and net proceeds of approximately HK$5.3 million (equivalent to approximately HK$0.201 per placing share) and HK$5.1 million (equivalent to approximately HK$0.1937 per placing share) as set out in the Company's announcement dated 4 December 2023. The Company intended to use the 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 2	Planned use of proceeds as described in the announcement dated 4 December 2023 *HK$'million* (approximately)	Actual use of net proceeds up to 31 March 2024 *HK$'million* (approximately)	Unused total net proceeds as at 31 March 2024 *HK$'million* (approximately)	Expected timeline for utilizing the unused net proceeds
Development of great health business	2.0	0.25	1.75	Expected to be fully utilized on or before 31 July 2024
Operation and business enhancement of lingerie products segment	1.6	0.75	0.85	Expected to be fully utilized on or before 30 June 2024
Working capital	1.5	0.59	0.91	Expected to be fully utilized on or before 30 June 2024
	5.1	1.59	3.51	

Placing completed on 24 June 2024 (the "Placing 3")

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 3 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 3.

The Placing 3 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 in intended to use the 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 3	Planned use of proceeds as described in the announcement dated 24 June 2024 *HK$'million*	Actual use of net proceeds up to 31 March 2024 *HK$'million*	Unused total net proceeds as at 31 March 2024 *HK$'million*	Expected timeline for utilizing the net proceeds
Development of great health business	1.6	N/A	N/A	Expected to be fully utilized on or before 30 September 2024
Operation and business enhancement of lingerie products segment	0.8	N/A	N/A	Expected to be fully utilized on or before 31 July 2024
Working capital	1.6	N/A	N/A	Expected to be fully utilized on or before 31 August 2024
	4.0	N/A	N/A	

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Xue ("**Mr. Xu**"), aged 52, was appointed as an executive Director in May 2020. Mr. Xu is a member of each of the remuneration committee and nomination 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.

Mr. Zheng Sihu ("**Mr. Zheng**"), aged 39, was appointed as an executive Director in July 2022. Mr. Zheng is also the Chairman of the Board.

Mr. Zheng holds a bachelor degree in Accounting from Wuhan University of Technology. Mr. Zheng has over 10 years of experience in sales and marketing for different market segments including medical sector and financial sector. He has extensive experience in corporate management and overall strategic planning.

Ms. Chen Lizhu ("**Ms. Chen**"), aged 44, was appointed as an executive director and a chief executive officer from 31 July 2023 and a member of each of the remuneration committee and the nomination committee of the Board from 8 May 2024. Ms. Chen graduated with a master's degree in education from Southwest Jiaotong University ("**SWJT University**") in the People's Republic of China (the "**PRC**") in December 2011 and completed her EMBA program at Cheung Kong Graduate School of Business in the PRC in September 2021. Ms. Chen, having a notable family background with deep cultural and educational heritage on Tai Chi, has been dedicated to the education and research of traditional Chinese culture and martial arts, including Tai Chi and Taekwondo, for nearly 30 years. She joined SWJT University in 2003 and has been serving as an associate professor in the Sports Department of SWJT University since 2019. Ms. Chen is an outstanding Chinese martial artist with international influence and significant contributions to the industry.

Ms. Chen is a recipient of the Chinese Intangible Cultural Heritage Outstanding Contribution Award, the grandmaster of the Li Yaxuan Tai Chi school, and a standing committee member of the Joint Martial Arts-Medicine Professional Committee of Sichuan Association of Chinese Medicine, being the first martial arts and medicine professional committee of China Association of Chinese Medicine. She is a prominent representative among the sixth generation of Yang-style Tai Chi masters, a third-generation direct disciple of the Tai Chi master Li Yaxuan, known as "Shao Zhu" (Young Master), who started practicing Tai Chi at her age of 4 and has won 17 championships in world-class competitions such as the World Kuo Shu Championship Tournament and has received the Outstanding Contribution Award for Chinese Tai Chi Inheritance. Ms. Chen is one of the 23 world-renowned Tai Chi masters and practitioners, and is the youngest among them, listed on the Wall of Worldwide Tai Chi Celebrities.

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

In December 2019, Ms. Chen was awarded the highest honor of the Chinese Intangible Culture Heritage Inheritance Achievement Award. In the same month, she and her parents were recognised as “the most influential figures in Chinese Tai Chi” by the magazine “Zhonghua Wushu” and received the “Outstanding Contribution Award for Chinese Tai Chi Inheritance and Promotion”. Ms. Chen has written 14 Tai Chi related publications, including “Li Yaxuan’s Yang-style Tai Chi Quan: Essence and Analysis*” (《李雅軒楊氏太極拳法精解》), “Li Yaxuan’s Wudang-style Tai Chi Sword: Essence and Analysis* (《李雅軒武當太極劍精解》), “Li Yaxuan’s Yang-style Tai Chi Spear: Interpretation of Truth* (《李雅軒楊氏太極槍法詮真》), and “The Practice of Tai Chi Quan by the Master of Tai Chi Quan Li Yaxuan*” (《太極拳一代宗師李雅軒修煉心法》), which have been widely published with enormous impact domestically and overseas. The principles and theories of Tai Chi Quan promoted by the family of Ms. Chen have been highly recognised by the industry and her family is considered as a prestigious and authoritative Tai Chi family with significant influence in contemporary times.

Ms. Chen has been invited as a guest speaker and expert professor to attend and deliver keynote speeches in more than 100 international cultural forums and competitions. She has been reported by various official media such as People’s Daily Online, Xinhua News Agency, and Hong Kong Ta Kung Pao, and has been interviewed by, among others, Sichuan Daily and Handan Wanbao, which demonstrated her significant social influence. Since 1996, she has successfully introduced Chinese Tai Chi Quan and Chinese intangible cultural heritage to various countries and regions, including South Korea, Canada, Singapore, and Malaysia. She has taught and influenced more than one million disciples and students.

Mr. Chiu G Kiu Bernard (“**Mr. Chiu**”), aged 44, was appointed as an executive director and an authorised representative from 19 September 2023, a compliance officer and company secretary of the Company from 10 August 2023 and is a member of each of the remuneration committee and the nomination committee of the Board from 19 September 2023 to 8 May 2024. Mr. Chiu is also the financial controller of the Group. Mr. Chiu is responsible for the overall financial management and reporting and the corporate secretarial matters of the Group. Mr. Chiu has over 21 years of experience in finance, auditing, taxation and accounting fields. Mr. Chiu began his career as an auditor in two respective international accounting firms during the period from August 2003 to July 2009 and was responsible for auditing and PRC tax. From October 2009 to September 2010, he served as a finance manager of NT Pharma (HK) Limited. From November 2010 to July 2012, he worked as a senior accountant for Pfizer Corporation Hong Kong Limited. From July 2012 to September 2016, he served as an accounting manager of CGN Meiya Power Holdings Co., Ltd. (currently known as CGN New Energy Holdings Co., Ltd.) and later joined ORG International Holdings Limited where he served as a senior finance manager until September 2017. From September 2017 to February 2018, he worked as the financial controller of China Life Science Service Limited. Mr. Chiu worked for Carry Wealth Holdings Limited (stock code: 643) as the deputy chief financial officer as well as the director of certain subsidiaries from January 2018 to January 2022, during which he also served as the company secretary and authorised representative of such company from April 2019.

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Mr. Sun Tian ("**Mr. Sun**"), aged 45, was appointed as an executive director of the Company from 24 April 2024. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Yiu Kay ("**Mr. Tang**"), aged 42, was appointed as an independent non-executive Director in June 2021. Mr. Tang is the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Board.

Mr. Tang holds a master degree in financial services and society and a bachelor degree in financial management and accounting. Mr. Tang is currently a practicing member of Hong Kong Institute of Certified Public Accountants and has over 15 years of solid experiences in tax issues, internal control, auditing, financial accounting and business management. Mr. Tang is currently a director of Pence CPA Limited. He is primarily responsible for providing consultancy services on tax and audit issues to clients in Hong Kong. Mr. Tang also has professional expertise and extensive experience in financial management and accounting in listed companies in Hong Kong. Mr. Tang has been appointed as an independent non-executive director and chairman of each of the audit committee, the remuneration committee and the nomination committee of China Properties Investment Holdings Limited (Stock Code: 736) with effect from 3 June 2021. On the basis of the information available from the previous announcements made by Bay Area Gold Group Limited (Stock Code:1194) ("**Bay Area Gold**"), since 26 August 2021, Mr. Tang has been appointed as an independent non-executive director and chairman of the audit committee of Bar Area Gold. All power of directors ceased upon the granting of the order to be wound up by the High Court of Hong Kong against Bar Area Gold on 31 August 2022. Please refer to the announcements of Bay Area Gold dated 1 September 2022 and 20 January 2023. Bay Area Gold was delisted from the Stock Exchange with effect from 14 March 2024.

Mr. Tong Zhu ("**Mr. Tong**"), aged 64, was appointed as an independent non-executive Director in September 2021. Mr. Tong is a member of each of the audit committee remuneration committee and nomination 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.

Mr. Lai Kim Fung ("**Mr. Lai**"), aged 57, was appointed as an independent non-executive Director, chairman of each of the remuneration committee and the nomination committee, and a member of the audit committee in January 2022.

Mr. Lai holds a postgraduate certificate in Professional Accounting from City University of Hong Kong and master of business administration from University of Exeter in the United Kingdom. Mr. Lai, previously worked in various international banks and investment banks, has over 28 years of professional experience with commercial and investment banking, corporate finance, treasury, merger and acquisition and investment management focusing on the Great China. Mr. Lai also worked for China Tourism Group Co., Ltd., a state-owned enterprise of the People's Republic of China, and its subsidiaries for 19 years. He served as the vice president of CTS Investment Inc. USA, and was one of the founding members of China Travel Service Financial Holdings Co., Ltd..

Mr. Lai is currently the chairman of Industry Development Committee of Hong Kong Society of Artificial Intelligence and Robotics, a member of the Hangzhou's Political Consultative Conference and the founding member of China Mergers and Acquisitions Association (Hong Kong) Limited. He is also an independent non-executive director of the China Aviation Flying Shark Global Credit Fund, a fund under AVIC Capital International Holding Co., Ltd..

Mr. Lai also has positions in listed companies, he is currently an independent director of Metalpha Technology Holding Limited (previously known as Dragon Victory International Limited) (NASDAQ: LYL), the shares of which are listed on The Nasdaq Capital Market. He was an executive director and a chief executive officer of the DTXS Silk Road Investment Holdings Company Limited (stock code: 620), the shares of which are listed on the main board of the Stock Exchange, since 7 August 2017 and re-designated to be an executive director and a co-chief executive officer on 16 June 2020 until 31 August 2020. On the basis of the information available from the previous announcements made by Goldstone Investment Group Limited (stock code: 901) ("**Goldstone**") and as informed by Mr. Lai, since 1 September 2020, he was an independent non-executive director of Goldstone until immediately before the order to be wound up by the High Court of Hong Kong ("**Winding-up Order**") was granted against Goldstone on 18 May 2023. Please refer to the announcement of Goldstone dated 25 May 2023.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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 complied with the code provisions in the CG Code during the year ended 31 March 2024 (the "**Period**"), 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. The Company has not appointed chief executive officer and chairman since 27 October 2017 and 6 February 2018 respectively. On 13 July 2022, the Company appointed an executive director, Mr. Zheng Sihu, to perform the role of the chairman and on 31 July 2023, the Company appointed an executive director, Ms. Chen Lizhu, to perform the role of the chief executive officer.

Under Code Provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and to gain and develop a balanced understanding of the views of shareholders. During the Period, Mr. Xu Xue and Mr. Zheng Sihu, the executive Director, and Mr. Tong Zhu, the independent non-executive Director, did not attend the annual general meeting of the Company held on 29 August 2023 due to other prior business engagements.

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 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 Period.

BOARD OF DIRECTORS

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.

As at the date of this report, the Board is comprised of eight Directors including five executive Directors and three independent non-executive Directors. At least one-third of the Board are independent non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. The Board members as at the date of this annual report are:

Executive Directors:
Mr. Zheng Sihu *(Chairman)*
Ms. Chen Lizhu *(Chief Executive Officer)* (appointed on 31 July 2023)
Mr. Xu Xue
Mr. Chiu G Kiu Bernard *(compliance officer)* (appointed on 19 September 2023)
Mr. Sun Tian (appoinited on 24 April 2024)
Mr. Tam Chak Chi (resigned on 19 September 2023)

Independent non-executive Directors:
Mr. Tang Yiu Kay
Mr. Tong Zhu
Mr. Lai Kim Fung

Biographical details of the Directors are set out in the section of "Directors and Senior Management" on pages 17 to 20 of this annual report. Throughout the year ended 31 March 2024 and up to the date of this report, certain Directors have been appointed and resigned. For detail, please refer to page 67 of this annual report.

Directors' Training and Continuing Professional Development

Each newly appointed Director would receive a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements. Each of the newly appointed Directors, namely Ms. Chen Lizhu, Mr. Chiu G Kiu Bernard, and Mr. Sun Tian, obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the GEM Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 3 August 2023, 26 September 2023, and 22 April 2024, respectively. Each newly appointed Director has confirmed he/she understood his/her obligations as a director of a listed issuer.

In compliance with the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the Period, 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		
Zheng Sihu *(Chairman)*		✓
Chen Lizhu *(Chief Executive Officer)* (appointed on 31 July 2023)		✓
Xu Xue		✓
Chiu G Kiu Bernard (appointed on 19 September 2023)		✓
Tam Chak Chi (resigned on 19 September 2023)		✓
Independent non-executive Directors		
Tang Yiu Kay		✓
Tong Zhu		✓
Lai Kim Fung		✓

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 Period, the Board had scheduled regular meeting and additional Board meetings were held as and when necessary. During the Period, the Board had held 12 Board meetings and an annual general meeting of the Company, which was held on 29 August 2023, 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 Period: Board meeting	Annual general meeting
Executive Directors		
Zheng Sihu *(Chairman)*	12/12	1/1
Chen Lizhu *(Chief Executive Officer)* (appointed on 31 July 2023)	8/8	1/1
Xu Xue	12/12	0/1
Chiu G Kiu Bernard (appointed on 19 September 2023)	5/5	N/A
Tam Chak Chi (resigned on 19 September 2023)	7/7	1/1
Independent non-executive Directors		
Tang Yiu Kay	12/12	0/1
Tong Zhu	12/12	0/1
Lai Kim Fung	12/12	0/1

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 three independent non-executive Directors as at the date of this report, namely, Mr. Tang Yiu Kay, Mr. Tong Zhu and Mr. Lai Kim Fung are independent in accordance with the terms of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE

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

Save as disclosed in the section headed "Corporate Governance Practices", the Company has not appointed chief executive officer ("**CEO**") since 27 October 2017. On 13 July 2022, the Company appointed an executive Director, Mr. Zheng Sihu, to perform the role of the chairmen. On 31 July 2023, the Company appointed an executive Director, Ms. Chen Lizhu, to perform the role of CEO.

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.

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 C.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 annual report and accounts, the half-year report and the quarterly reports 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. Tong Zhu, Mr. Lai Kim Fung and Mr. Tang Yiu Kay. Mr. Tang Yiu Kay is the chairman of the Audit Committee.

During the Period, the Audit Committee held 3 meetings and the work performed by the Audit Committee during the Period 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 2023; (iv) review of the unaudited quarterly results and interim results together with the respective reports of the Group in respect of the year ended 31 March 2024, 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.

The members of the Audit Committee during the Period and the attendance of each committee member are as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Tang Yiu Kay	3	3
Tong Zhu	3	3
Lai Kim Fung	3	3

Subsequent to the year ended 31 March 2024, 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 2024. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 complied with applicable accounting standards, the requirements under the GEM Listing Rules and that adequate disclosures have been made.

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 A.5.2 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 three independent non-executive Directors, namely Mr. Tong Zhu, Mr. Lai Kim Fung and Mr. Tang Yiu Kay, and two executive Directors, namely Ms. Chen Lizhu and Mr. Xu Xue. Mr. Lai Kim Fung 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 Period, the Nomination Committee held 3 meetings and the work performed by the Nomination Committee during the Period 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.

The members of the Nomination Committee during the Period and the attendance of each committee member are as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Lai Kim Fung	3	3
Tang Yiu Kay	3	3
Tong Zhu	3	3
Chen Lizhu (appointed on 8 May 2024)	0	0
Xu Xue	3	3
Chiu G Kiu Bernard (appointed on 19 September 2023 and resigned on 8 May 2024)	0	0
Tam Chak Chi (resigned on 19 September 2023)	3	3

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 B.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 three independent non-executive Directors, namely Mr. Tong Zhu, Mr. Lai Kim Fung and Mr. Tang Yiu Kay, and two executive Directors, namely Ms. Chen Lizhu and Mr. Xu Xue. Mr. Lai Kim Fung is the chairman of the Remuneration Committee.

During the Period, the Remuneration Committee held 3 meetings and the work performed by the Remuneration Committee during the Period included reviewing and making recommendation to the Board for approving the remuneration for the Directors being appointed during the Period and the grant of bonus to the staffs of the Group.

The members of the Remuneration Committee during the Period and the attendance of each committee member are as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Lai Kim Fung	3	3
Tang Yiu Kay	3	3
Tong Zhu	3	3
Chen Lizhu (appointed on 8 May 2024)	0	0
Xu Xue	3	3
Chiu G Kiu Bernard (appointed on 19 September 2023 and resigned on 8 May 2024)	0	0
Tam Chak Chi (resigned on 19 September 2023)	3	3

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 of the date of this report, Ms. Chen Lizhu was appointed as an executive director and a chief executive officer and the Board comprised seven male and one female Directors, and the gender ratio of our employees as of 31 March 2024 is approximately 14 males per 68 females.

The Board considers that the Group's workforce (including Directors and senior management) are diverse in terms of gender. The Group will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy as a whole, and we have also taken, and will continue to take steps to promote gender diversity at all levels of our Company.

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. Both the compliance committee of the Company (the "**Compliance Committee**") and the Audit Committee provide the Board with their independent views 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:

– The Compliance Committee has been set up to monitor all compliance issues of the Group;

– All significant acquisitions/transactions were reported to the Board by the Compliance Committee in Board meetings 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 Compliance Committee 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.

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 2024. 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.

The Board is satisfied that the internal control system in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of this annual report is reasonably effective and adequate.

In March 2024, the Company engaged OCF Corporate Advisory Limited to review the effectiveness of the internal control systems and risk management systems of the Company.

Anti-corruption Policy and Whistleblowing Policy

The Company has established anti-corruption policy that promote and support anti-corruption laws and regulations, and set out measures for employees, suppliers and business partners to raise concerns, in confidence and anonymity, with the Audit Committee of the Company about possible improprieties in any matter related to the Group.

AUDITOR'S REMUNERATION

During the year ended 31 March 2024, 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	730

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, half-yearly and quarterly 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 annual report.

COMPANY SECRETARY

Mr. Tam Chak Chi, who was an executive Director and resigned on 19 September 2023, has been appointed as the Company Secretary since 1 August 2020 and up to 10 August 2023. Mr. Chiu G Kiu Bernard, an executive Director, has been appointed as the Company Secretary since 10 August 2023. Please refer to the section headed "Directors and Senior Management" of this annual report for the biographical details of Mr. Chiu.

All Directors are entitled to have access to board papers and related materials and have access to the advice and services of the Company Secretary.

COMPLIANCE OFFICER

Mr. Chiu G Kiu Bernard, an executive Director, has been appointed as compliance officer of the Company on 19 September 2023 following the resignation of Mr. Tam Chak Chi and please refer to the section headed "Directors and Senior Management" of this annual report for the biographical details of Mr. Chiu.

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.

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 (quarterly, 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 Period. The Constitution is available on the respective websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Report Overview

Ocean Star Technology Group Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**we**") places great emphasis on incorporating sustainable business practices into its daily operations. This Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") summarises the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

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 and money lending, no provision of beauty services for the year, and online platform of social influencers businesses have been terminated before the year ended 31 March 2024. 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.

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 organization. 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 change to deliver a more sustainable future.

Board – Decision Making Level

- Oversee all ESG related approaches, strategies and policies
- Assess critical issues, risks and opportunities
- Set goals and specific indicators and oversee the Group's sustainable development performance

ESG Working Group – Management and Implementation Level

- Identify and report on major ESG issues, risks and opportunities
- Implement sustainable development initiatives, review related policies, evaluate and make recommendations on governance and strategy issues
- Evaluate sustainable development performance and progress based on goals

The Board

The Board holds the overall responsibility for the Group's ESG issues and sets out ESG management approach, strategy, priorities and objectives. 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 to review 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.

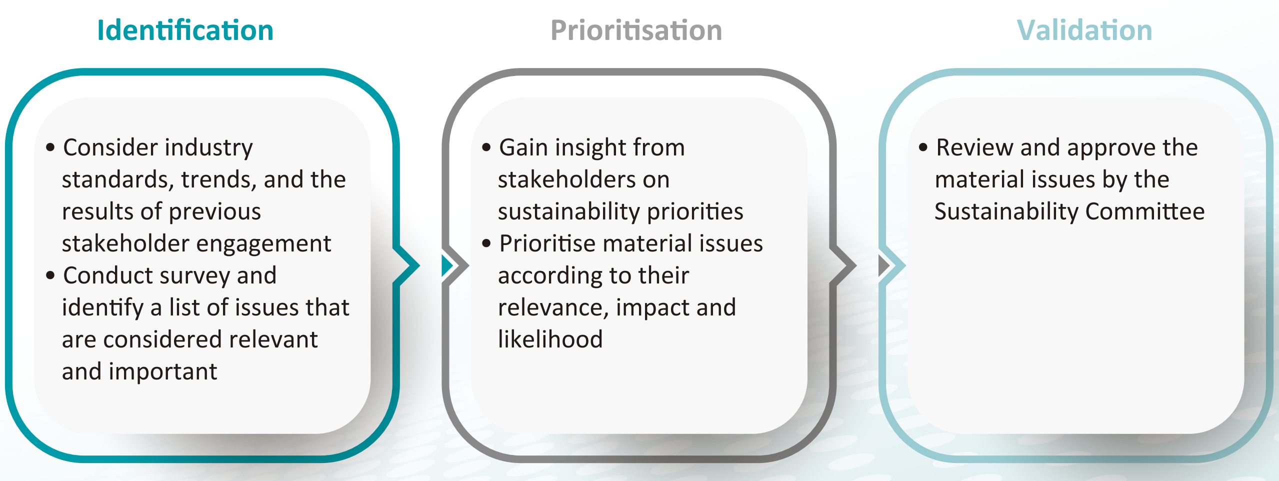
ESG Working Group

To manage ESG issues systematically, the Group has set up an ESG working group ("**ESG Working Group**") comprised of staff from various departments. 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 inputs allow 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.

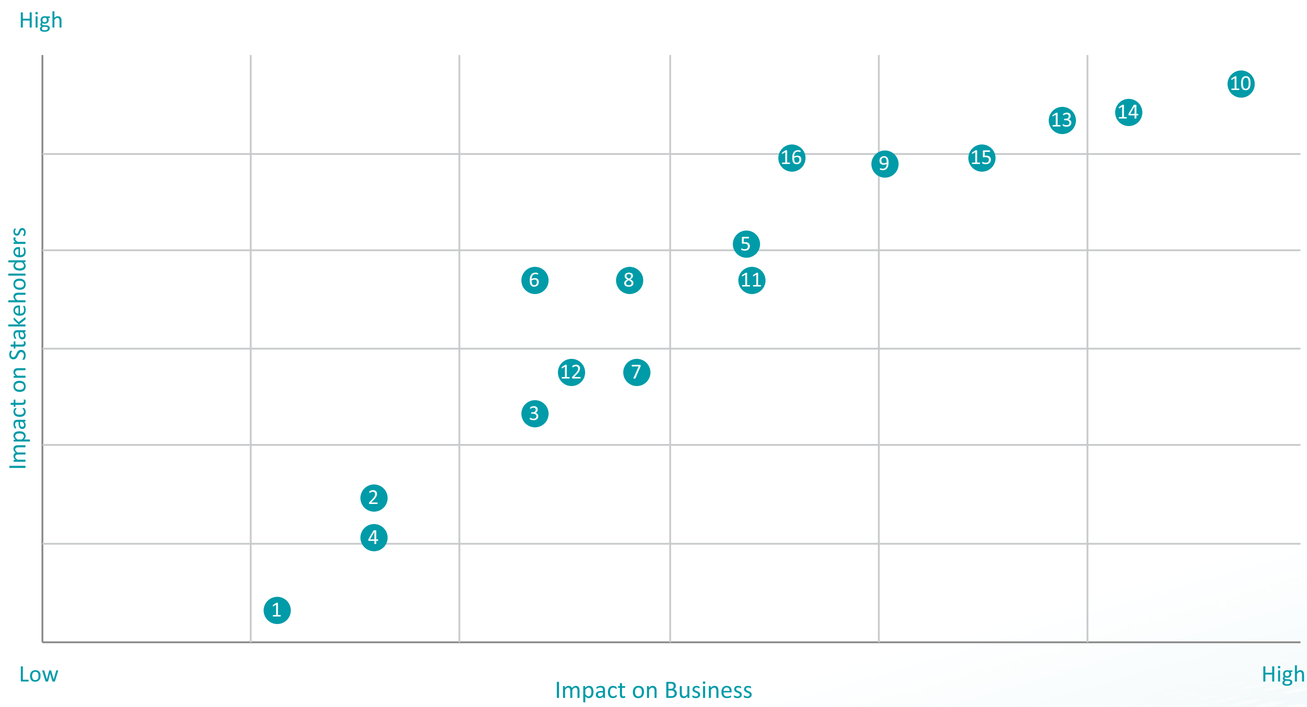
Stakeholders	Engagement Channels	Material Topics	Relevant Sections
Shareholders and investors	• Annual general meetings and other general meetings • Annual reports and interim reports • Circulars and announcements • Company website	• Anti-corruption • Compliance and business ethics • Emissions management • Resources management	• Environmental • Social
Employees	• Training sessions • Performance appraisals • Social media	• Training and development • Employee compensation and benefits • Occupational health and safety	• Social
Suppliers	• Qualification reviews • Site visits	• Responsible supply chain management	• Social
Customers	• Customer service hotline • Product tracking system	• Product or service quality control • Customer service	• Social
Government authorities	• Email and circulars • Tax payment in full and on time	• Anti-corruption • Compliance and business ethics	• Social
Media and the public	• ESG Report	• Emissions management • Resources management • Community involvement	• 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 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:

Materiality Matrix



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

During the Year, 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 optimizing 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%	2024: (Achieved)
Water consumption intensity (m^3/employee)	2022: 7.03	↓5%	2024: (Achieved)
Greenhouse gas ("**GHG**") intensity (tCO_2e/employee)	2022: 1.34	↓5%	2024: (Achieved)

Emissions

Emissions Control

Environmental protection is one of the core values of the Group. The Group strives to minimise 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 Year, 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;
- 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 Year:

Indicators	Unit	2024	2023
Nitrogen Oxides (NO_x)	kg	2.33	5.13
Sulphur Oxides (SO_x)	kg	0.01	0.05
Particulate Matter (PM)	kg	0.21	0.46

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	2024	2023
Scope 1 – Direct GHG Emissions	tCO_2e	2.27	8.22
Scope 2 – Energy Indirect GHG Emissions	tCO_2e	55.07	132.64
Total GHG Emissions (Scope 1 and Scope 2)	tCO_2e	57.34	140.86
Total GHG Emissions Intensity[2]	tCO_2e/employee	0.70	1.62

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including 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 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the latest released emission factors of China's regional power grid basis, the "2022 Sustainability Report" published by HK Electric Investments Limited and the "CLP 2022 Sustainability Report" published by CLP Holdings Ltd..

2. During the Reporting Period, the total number of employees under the Reporting Scope of the Group was 82 (as at 31 March 2023: 87). This data is also used for calculating other intensity data.

Due to the change in production model, the production base located in Shenzhen has been transformed into a warehouse, resulting in a significant reduction in GHG emission. The Group will actively respond to the government's emission reduction plan and strive to reduce its GHG emissions intensity within the target period. We have adopted the following emission reduction measures actively under "Air Emissions" and "Energy Management" sections.

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 Year. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, 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 employees' domestic waste. There was only small amount of non-hazardous waste generated during the Year, 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 in order 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	2024	2023
Direct Energy Consumption • Petrol • Diesel	MWh	8.40	30.28
Indirect Energy Consumption • Electricity	MWh	96.57	249.39
Total Energy Consumption	MWh	104.96	279.67
Total Energy Consumption Intensity[2]	MWh/employee	1.28	3.21

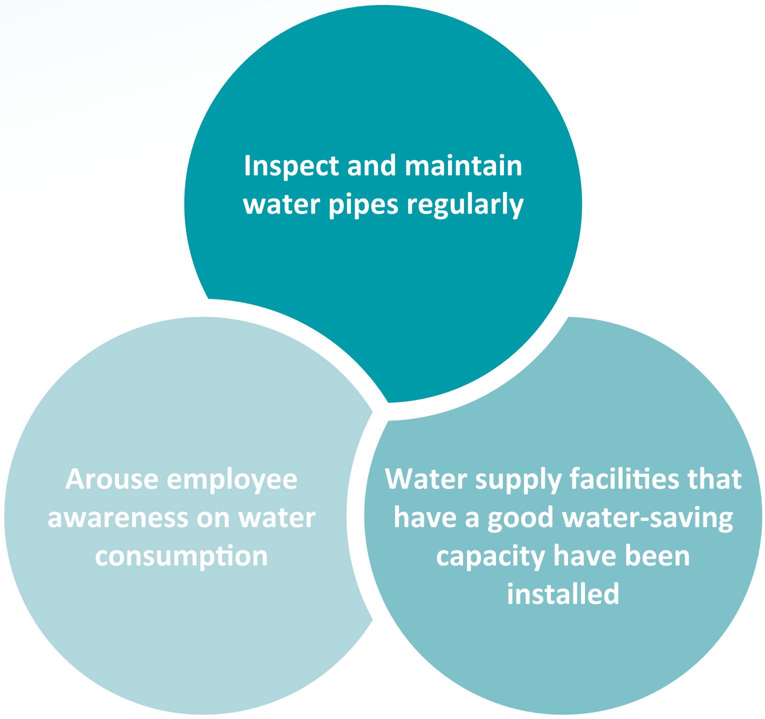
A marked reduction in energy usage is owing to the shift in Shenzhen-based production facility, which has been repurposed as a warehouse. To reduce energy usage and improve efficiency, the Group has implemented a range of energy-saving initiatives.

- 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:



The Group's performance of water consumption is summarised below, and the reason for the reduction in water consumption is the same as the reason for the reduction in energy consumption.

Indicator	Unit	2024	2023
Total Water Consumption	m^3	124	569.82
Total Water Consumption Intensity[2]	m^3/employee	1.51	6.55

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 sustainability of its packaging in three ways:

Eliminate excessive packaging

Source more recyclable and biodegradable packaging materials

Reuse packaging as much as possible

In 2024, the Group consumed 1,420 pieces of carton boxes (2023: 26,600). The number of carton boxes required for production significantly reduced as the base located in Shenzhen has been transformed into a warehouse, but production departments will continue 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.

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 the Task Force on Climate-Related Financial Disclosure ("**TCFD**"), we have identified climate change risks and incorporated them into our risk management system.

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 impacts 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 organization.

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 are but 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 organization. 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 organization'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.

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 organization's success. As of 31 March 2024, the Group employed a total of 82 (As of 31 March 2023: 87) employees, the total workforce by gender, employment type, age group and geographical region were as follows:

	2024	2023
By Gender		
Male	14	15
Female	68	72
By Employment Type		
Full-time	68	73
Part-time	14	14
By Age Group		
<30	4	5
30–50	50	50
>50	28	32
By Geographical Region		
Hong Kong	72	74
Shenzhen	7	10
Macau	3	3
By Employee category		
Senior management	2	5
Middle management	13	16
General employee	67	66

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.

Beyond the previously mentioned leave entitlements, the Group's employees are also provided with additional benefits such as birthday red packets, discounts on the organization'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 Year, the overall employee turnover rate[3] was approximately 45% (2023: 32%). The number of employees left and employee turnover rate by gender, age group and geographical region were as follows:

Employee turnover rate[4]	2024	2023
Overall turnover rate[3]	45%	32%
By Gender		
Male	36%	7%
Female	47%	38%
By Age Group		
<30	100%	120%
30–50	48%	26%
>50	32%	28%
By geographical region		
Hong Kong	47%	35%
Shenzhen	43%	0%
Macau	0%	67%

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

Performance appraisals are required annually to identify training needs and career advancement opportunities. Employees and the Group are able to establish short and long-term goals based on the results and feedback. Sales directors should prepare and submit appraisals to directors for retail staff, while office staff appraisals are prepared by the department head.

Recognizing the immense value in the skills and experience of its workforce, the Group has adopted a policy of prioritizing internal promotions over hiring external candidates. When considering appointments to higher-level roles, the Group selects the most suitable candidate based on merit, rather than seniority. This approach enables the organization to cultivate career growth opportunities for its existing employees while ensuring the most qualified individuals are placed in positions of greater responsibility.

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 2024, 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 Report, 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	2024	2023	2022
Work-related fatalities	Numbers	0	0	0
Fatality rate	%	0	0	0
Lost days due to work injury	Days	0	29	338

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.

On the first day of employment, all new hires receive comprehensive safety instructions, which are regularly updated by the maintenance staff. These updates are presented to the entire workforce during the annual safety meeting. Smoking is strictly prohibited in the factories, which are equipped with fire extinguishers that are replaced annually. The Group organises regular fire prevention talks and fire-fighting drills to ensure employees are prepared to handle potential 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 Year, a total of 79 hours (2023: 56 hours) of training for continuous professional development were provided to employees and management, with an average training hour of 0.96 hours (2023: 0.64 hours).

Labour Standards

The Group maintains an unwavering commitment to upholding fundamental human rights. It strictly prohibits any form of forced, bonded or compulsory labor, human trafficking, slavery or servitude within its operations. The organization 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 labor 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 labor 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 labor regulations. The Group has also established robust monitoring mechanisms to swiftly identify and address any potential violations of its child labor or forced labor 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 labor practices, upholding its unwavering commitment to ethical and responsible employment.

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 understand 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 Year, the Group had a total of 55 major suppliers, the number of suppliers by geographical region is summarised in the following table:

Geographical Regions	Number
Hong Kong	13
Mainland China	37
Others (Italy, Japan, Korea)	5

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.

A background inspection of the supplier will be performed if there is any new purchase made from 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.

Management Strategies

- The Group communicates and exchanges comments with suppliers, providing timely feedback on deficiencies to encourage suppliers to improve the quality to be listed as qualified suppliers.
- If the suppliers continuously fail to meet the standard of the Group, they may be suspended or removed from the approved supplier list.
- The supplier relationship may also be terminated in the event of any substantial violation of environmental and labour laws and regulations.
- The Group will regularly review supply chain-related policies and practices to ensure their effectiveness.

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 Year. 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, labeling, and privacy in the markets where the Group operates. The Group mandates that all employees strictly adhere to the relevant governmental and regulatory requirements.

During the Reporting Period, 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. The Group's quality and innovation are recognised by various parties. The following are the honours of the Group in the Year:

Granting Authority	Honours
The Chinese Manufactures' Association of Hong Kong	Made in Hong Kong Mark Scheme
Quality Tourism Services Association	QTSA

During the Year, there were zero complaints (2023: 16) 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 places great value on feedback and complaints from its customers, recognizing them as crucial drivers for the organization's continuous development. To effectively address any issues raised, the Group has established robust complaint handling procedures. Should the Group receive customer complaints, it is committed to responding in a timely manner and implementing effective corrective actions to resolve the matter. Additionally, complaints deemed significant will be thoroughly discussed and reviewed by the management team during regular meetings. This allows the Group to identify the root causes and take necessary steps to prevent the recurrence of similar problems.

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

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 to monitor the need for the development of any IP and they would periodically review the market, the product and prepare reports to management for suggesting any development or registration of IP. Any suggestions raised would be reviewed and approved by the head of the design and marketing department and notify the senior management before further study would be carried out. The Group has obtained four patents, all of which are design patents. Three patents were granted in HK, while one was registered in the PRC.

Employees of the Group are prohibited from using the Group's IP to earn any gains or profits without the consent of the directors. Staff of the design and marketing department will also investigate any persons or companies using IP without the consent of the Group in different media at least quarterly. An investigation report will be prepared quarterly to conclude the scope of monitoring and the findings and submitted to the administration department for review and retention. The Group will take follow-up actions immediately if any case stolen IP of the Group has been found.

Advertising and Labelling

Fair and unbiased information is being 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 2024, 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 behavior, such as fraud, bribery, forgery, extortion, conspiracy, embezzlement, and collusion. The Group's Code of Conduct, Whistleblowing Policy, Anti-bribery Policies, and Anti-money Laundering and Counter Terrorist Financing 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 during the Year. 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).

Various policies mentioned above have also been formulated in accordance with the Securities and Futures Commission's Guideline on Anti-Money Laundering and Counter Financing of Terrorism, including the basic procedures for customer identification and due diligence, suspicious transactions report and recordkeeping. Ongoing anti-corruption staff training has also been carried out to ensure all directors and staff are fully aware of these policies. During 2024, the Group provided anti-corruption training to senior management and employees, with an average duration of 1 hour per participant. There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

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 organizations to tackle social and environmental issues, demonstrating its commitment as a responsible corporate citizen. During the Year, we requested Orbis Donation Coinbox Placement for our retail shops, making it convenient for customers to make small donations. By pooling these small contributions, our Group aims to gather support and resources to help the blind.

The Group is delighted to create shared benefits for the community in order 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

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and 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.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

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.	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

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 – Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
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

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	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

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 Management
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

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	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
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 Rights

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	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 whistle-blowing 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
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

The Directors hereby present this report and the audited consolidated financial statements of the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements. Save for the termination of social influencers agency services through an online platform business, there were no significant changes in the nature of the Group's principal activities during the 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 Period.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 80 of this annual report.

The Board does not recommend the payment of dividend for the year ended 31 March 2024 (2023: Nil).

DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be its goal.

In order to strike a balance between maintaining sufficient capital to grow the business and rewarding the Shareholders, the declaration of dividends and the amount of dividend will be subject to the discretion of the Board and will depend on, among other things, the followings:

(i) the results of operations of the Group;

(ii) the retained earnings of the Company;

(iii) the cash flow availability and requirements of the Group;

(iv) the financial conditions of the market and the Group;

(v) the capital requirements and development plan of the Group; and

(vi) any other factors that the Board may considered relevant.

The payment of the dividend by the Company is also subject to any restrictions under the articles of association of the Company, the Cayman Islands Companies Law and the applicable laws and regulations. The Board will review the policy from time to time and may update and/or revise the same at any time as it deems fit and appropriate.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the 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 Period, please refer to "Management Discussion and Analysis" section of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The financial condition, results of operations, business and prospects of the Group would be affected by a number of risks and uncertainties as set out in the prospectus of the Company dated 26 June 2017 (the "**Prospectus**") under the section headed "Risk Factors".

For principal risks of the Group for the Period, please refer to note 6 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest five financial years is set out on page 156 of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Period are set out in note 35 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.

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 for the year ended 31 March 2024 and up to the date of this report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Period are set out in note 37(b) to the consolidated financial statements and in the consolidated statement of changes in equity on page 83 of this annual report respectively.

DISTRIBUTABLE RESERVES

No distributable reserves was available for distribution as at 31 March 2024 (2023: Nil).

DONATIONS

During the years ended 31 March 2024 and 2023, charitable and other donations made by the Group were less than HK$10,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the 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 2024 and 2023.

The Group's largest and five largest suppliers' aggregate amount represented approximately 31.6% (2023: approximately 9.2%) and 81.2% (2023: approximately 25.5%) 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 Period.

DIRECTORS

The Directors during the Period and up to the date of this annual report were as follows:

Executive Directors

Mr. Zheng Sihu
Ms. Chen Lizhu (appointed on 31 July 2023)
Mr. Xu Xue
Mr. Chiu G Kiu Bernard (appointed on 19 September 2023)
Mr. Sun Tian (appointed on 24 April 2024)
Mr. Tam Chak Chi (resigned on 19 September 2023)

Independent non-executive Directors

Mr. Tang Yiu Kay
Mr. Tong Zhu
Mr. Lai Kim Fung

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. Sun Tian and Mr. Chiu G Kiu Bernard 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.

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, Mr. Xu Xue, Mr. Tong Zhu and Mr. Lai Kim Fung shall 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 annual report.

UPDATE ON INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

Name	Change
Ms. Chen Lizhu	Ms. Chen has been appointed as (i) an executive Director and the Chief Executive Officer of the Company with effect from 31 July 2023; and (ii) a member of each of the remuneration committee and the nomination committee of the Board with effect from 8 May 2024.
Mr. Tam Chak Chi	Mr. Tam has ceased to be (i) the company secretary of the Company with effect from 10 August 2023; and (ii) an executive Director, a member of each of the remuneration committee and the nomination committee of the Board, an Authorised Representative and the compliance officer of the Company with effect from 19 September 2023.
Mr. Chiu G Kiu Bernard	Mr. Chiu has been appointed as (i) the company secretary of the Company with effect from 10 August 2023; (ii) an executive Director, an Authorised Representative and the compliance officer of the Company with effect from 19 September 2023; and (iii) a member of each of the remuneration committee and the nomination committee of the Board with effect from 19 September 2023 and subsequently ceased to be thereof with effect from 8 May 2024.
Mr. Sun Tian	Mr. Sun has been appointed as an executive Director with effect from 24 April 2024.

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.

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 annual report, the Company had complied with all the applicable code provisions as set out in the CG Code during the Period.

Details of the principal corporate governance practices of the Group are set out in the section headed "Corporate Governance Report" on pages 21 to 32 of this annual 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 2024, 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:

	Number of Shares					Approximate percentage of the issued share capital of the Company
Name of Director	Personal interest	Spouse interests	Corporate interests	Other interests	Total	
Ms. Chen Lizhu	9,550,000	–	–	–	9,550,000	0.92%

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 2024, 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
Global Succeed Group Limited ("**Global Succeed**")	Beneficial owner (Notes 1 & 2)	40,000,000	3.86%
Mr. Chan Lin So Alan ("**Mr. Chan**")	Interest in a controlled corporation	40,000,000	3.86%
Mr. Yiu Koon Pong ("**Mr. Yiu**")	Interest in a controlled corporation	40,000,000	3.86%

Notes:

1. Global Succeed is the direct shareholder of the Company. According to the information available to the Company, Global Succeed is beneficially owned as to 50% by Mr. Chan and 50% by Mr. Yiu. By virtue of the SFO, each of Mr. Chan and Mr. Yiu was deemed to be interested in the 40,000,000 shares of the Company held by Global Succeed as at 31 March 2024.

2. Global Succeed holds 210,000,000 shares of the Company as at 31 March 2021. Since then, Global Succeed further disposed a total of 50,000,000 shares of the Company on 31 August 2021, 18 October 2021, 15 December 2021 and 5 January 2022 (the "**Disposals**"). Immediately after the Disposals, Global Succeed holds 160,000,000 shares of the Company. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in the 160,000,000 shares of the Company held by Global Succeed.

   48,000,000 placing shares and 102,000,000 placing shares have been allotted and issued to not less than six places pursuant to the general mandate of the Company on 30 April 2021 and 28 March 2022 respectively.

   As a result of the above, the shareholding interests in the Company held by Global Succeed was diluted from 43.75% to approximately 25.40% and Mr. Chan, Mr. Yiu and Global Succeed becomes the substantial shareholders of the Company.

   On 19 August 2022, the Company announced the completion of the rights issue (the "**Rights Issue**") and the allotment and issuance of 270,000,000 shares of the Company. The net proceeds raised from the Rights Issue were approximately HK$26.0 million. Details were set out in the Company's announcements dated 17 June 2022 and 19 August 2022 and the Company's prospectus dated 29 July 2022. After the completion of the Rights Issue, the shareholding interests in the Company held by Global Succeed was diluted from approximately 25.4% to approximately 17.78%.

   Global Succeed disposed a total of 80,000,000 shares of the Company on 24 August 2022 and 4 January 2023. After the disposal, Global Succeed holds 80,000,000 shares of the Company as at 31 March 2023. The shareholding interests in the Company held by Global Succeed was diluted from approximately 17.78% to approximately 8.88%.

   On 20 March 2023, the Company announced the completion of placing of new shares under general mandate (the "**Placing 3**") and the allotment and issuance of 110,000,000 placing shares of the Company. The net proceeds raised from the Placing 3 were approximately HK$16.2 million. Details were set out in the Company's announcements dated 23 February 2023 and 20 March 2023. As a result, the shareholding interest in the Company held by Global Succeed was diluted from approximately 8.88% to approximately 7.92%. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in 80,000,000 shares of the Company held by the Global Succeed. Mr. Chan, Mr. Yiu and Global Succeed remain the substantial shareholders of the Company.

   Global Succeed disposed 40,000,000 shares of the Company on 7 June 2023. After the disposal, Global Succeed holds 40,000,000 shares of the Company as at 31 March 2024. The shareholding interests in the Company held by Global Succeed was reduced from approximately 7.92% to approximately 3.96%. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in 40,000,000 shares of the Company held by the Global Succeed. Each of Mr. Chan, Mr. Yiu and Global Succeed is no longer a substantial shareholder of the Company following the aforementioned disposal.

   On 4 December 2023, the Company announced the completion of placing of new shares under general mandate and the allotment and issuance of 26,314,500 placing shares of the Company. The net proceeds raised from the Placing were approximately HK$5.1 million. Details were set out in the Company's announcement dated 4 December 2023. As a result, the shareholding interest in the Company held by Global Succeed was diluted from approximately 3.96% to approximately 3.86%.

Save as disclosed above, as at 31 March 2024, 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 2024.

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.

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 absolution 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.

Up to the date of this report, no share option had been granted by the Company under the Share Option Scheme.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 41 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 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 2024 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 2024.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the Period is contained in note 41 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 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 2024.

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 annual report, the Company has maintained a sufficient public float throughout the year ended 31 March 2024 as required under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2024 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.

By order of the Board

Zheng Sihu
Executive Director
Hong Kong, 28 June 2024

INDEPENDENT AUDITOR'S REPORT

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 80 to 155, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (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**") 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$27,161,000 for the year ended 31 March 2024, and as at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK$20,288,000 and HK$9,075,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcomes of the Group as set forth in note 2 to the consolidated financial statements to obtain source of funding in the immediate and longer term, at a level sufficient to finance the working capital requirements of the Group. 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 on inventories

(ii) impairment of loan receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
(i) Valuation on inventories	
Refer to material accounting policy information in note 4, critical judgements and key estimates in note 5 and relevant disclosures in note 25 to the consolidated financial statements. The Group had significant inventories with carrying amount of approximately HK$16,447,000 as at 31 March 2024. The carrying amount of inventories contributed a significant part of the Group's total current assets as at 31 March 2024 that was material to the consolidated financial statements. The Group's inventories which comprise raw materials, work-in-progress 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: – Understanding and evaluating the Group's internal control policy over allowance for inventories adopted by the management; – Attending physical inventory count to identify and assess any slow-moving and obsolete inventories by observing the physical condition 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.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
(ii) Impairment of loan 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 27 to the consolidated financial statements. The carrying amount of loan receivables was approximately HK$10,301,000 (net of allowance of expected credit losses on loan receivables of approximately HK$877,000) as at 31 March 2024 that was material to the consolidated financial statements. The measurement of forward-looking expected credit loss ("**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 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.	Our procedures in relation to this matter included: – Obtaining an understanding and evaluating the Group's credit policy on loan receivables and the Group's internal control policy over impairment of loan receivables; – Assessing the reasonableness of the Group's ECL methology; – Selecting samples to assess the reasonableness of management judgments on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred; – Evaluating, together with auditor's expert, the reasonableness of related parameters, including the probability of default and exposure at default; – Assessing the forward-looking information used to determine expected credit losses; – Recalculating the amounts of the ECL on loan receivables and assessing the appropriateness and adequacy of the ECLs during year ended 31 March 2024; – Evaluating the experience, independence, competence and integrity of the external valuer engaged by the management; and – Reviewing the appropriateness of the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 and the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with HKSAs, 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.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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

28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	2024 *HK$'000*	2023 *HK$'000*
Revenue	9	**41,173**	44,689
Cost of sales		**(11,042)**	(13,914)
Gross profit		**30,131**	30,775
Other income	10	**162**	2,603
Other gains and losses, net	11	**(5,424)**	(5,793)
Fair value losses on financial assets at fair value through profit or loss ("**FVTPL**")		**(2,295)**	(4,565)
Impairment losses for deposits and other receivables		**(166)**	(187)
Impairment losses for loan receivables		**(770)**	(107)
Selling expenses		**(20,163)**	(23,577)
Administrative and other operating expenses		**(27,842)**	(27,484)
Loss from operations		**(26,367)**	(28,335)
Finance costs	12	**(615)**	(1,225)
Share of loss of an associate		**–**	(4,967)
Impairment losses for interests in associates		**–**	(133)
Loss before tax		**(26,982)**	(34,660)
Income tax expense	13	**(179)**	(60)
Loss for the year	14	**(27,161)**	(34,720)
Other comprehensive loss for the year, net of tax:			
Item that will not be reclassified to profit or loss:			
Remeasurement gains on defined benefit pension plans		**28**	–
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(316)**	(912)
Release of exchange differences upon the disposal of subsidiaries		**42**	–
Other comprehensive loss for the year		**(246)**	(912)
Total comprehensive loss for the year		**(27,407)**	(35,632)
Loss for the year attributable to owners of the Company per share			
Basic and diluted *(HK cents)*	19	**(2.67)**	(4.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Note	2024 *HK$'000*	2023 *HK$'000*
Non-current assets			
Property, plant and equipment	20	2,555	4,179
Right-of-use assets	21	5,205	15,889
Intangible assets	22	–	894
Interests in an associate	23	–	–
Goodwill	24	–	1,600
Deposits	26	1,109	7,836
Loan receivables	27	3,932	–
		12,801	30,398
Current assets			
Inventories	25	16,447	21,139
Trade and other receivables	26	17,649	6,222
Loan receivables	27	6,369	6,492
Financial assets at FVTPL	28	690	3,215
Amount due from a shareholder	29	173	173
Pledged bank deposits	30	201	200
Cash and bank balances	30	5,050	25,556
		46,579	62,997
Current liabilities			
Trade and other payables	31	7,583	6,256
Contract liabilities	32	53,475	56,642
Lease liabilities	33	4,800	10,417
Current tax liabilities		1,009	853
		66,867	74,168
Net current liabilities		(20,288)	(11,171)
Total assets less current liabilities		(7,487)	19,227

Consolidated Statement of Financial Position (continued)

At 31 March 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	33	929	5,956
Retirement benefit obligations	17	659	–
Deferred tax liabilities	34	–	59
		1,588	6,015
Net (liabilities)/assets		(9,075)	13,212
Equity and reserves			
Share capital	35	10,363	10,100
Reserves	36	(19,438)	3,112
(Capital deficiency)/total equity		(9,075)	13,212

Approved and authorised for issue by the Board of Directors on 28 June 2024.

Xu Xue
Director

Zheng Sihu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000 (note 36(a))	Capital reserve HK$'000 (note 36(b))	Foreign currency translation reserve HK$'000 (note 36(c))	Statutory reserve HK$'000 (note 36(d))	Accumulated losses HK$'000	Total equity HK$'000
As at 1 April 2022	6,300	86,664	(34)	360	561	(87,248)	6,603
Issue of shares upon rights issue (note 35(a))	2,700	23,300	–	–	–	–	26,000
Placing of new shares under general mandate (note 35(b))	1,100	15,400	–	–	–	–	16,500
Share issue expenses	–	(259)	–	–	–	–	(259)
Loss and total comprehensive loss for the year	–	–	–	(912)	–	(34,720)	(35,632)
Changes in equity for the year	3,800	38,441	–	(912)	–	(34,720)	6,609
At 31 March 2023 and 1 April 2023	10,100	125,105	(34)	(552)	561	(121,968)	13,212
Placing of new shares under general mandate (note 35(c))	**263**	**5,000**	**–**	**–**	**–**	**–**	**5,263**
Share issue expenses	**–**	**(143)**	**–**	**–**	**–**	**–**	**(143)**
Reclassification of foreign currency translation reserve upon disposal of subsidiaries (note 42(a))	**–**	**–**	**–**	**42**	**–**	**–**	**42**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(316)**	**–**	**(27,133)**	**(27,449)**
Changes in equity for the year	**263**	**4,857**	**–**	**(274)**	**–**	**(27,133)**	**(22,287)**
At 31 March 2024	**10,363**	**129,962**	**(34)**	**(826)**	**561**	**(149,101)**	**(9,075)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Cash flows from operating activities		
Loss before tax	(26,982)	(34,660)
Adjustments for:		
Allowance for inventories	2,141	3,968
Amortisation of intangible assets	176	63
Rent concessions received	(15)	(93)
Depreciation of property, plant and equipment	1,976	2,408
Depreciation of right-of-use assets	9,913	13,602
Finance costs	615	1,225
Impairment losses for goodwill	–	1,489
Impairment losses for interests in an associate	–	133
Impairment losses for deposits and other receivables	166	187
Impairment losses for loan receivables	877	107
Gain on early termination of leases	(30)	(82)
Loss on disposal of subsidiaries	1,831	–
Loss on disposal of financial assets at FVTPL	881	–
Interest income	(21)	(5)
Fair value losses on financial assets at FVTPL	2,295	4,565
Share of loss of an associate	–	4,967
Write off of inventories	47	130
Write off of deposits, prepayments and other receivables	346	57
Write off of property, plant and equipment	–	236
Operating loss before working capital changes	(5,784)	(1,703)
Decrease/(increase) in inventories	2,434	(1,981)
(Increase)/decrease in trade and other receivables	(7,648)	8,043
Increase in loan receivables	(4,686)	(6,599)
Decrease/(increase) in financial assets at FVTPL	2,334	(4,896)
Increase/(decrease) in trade and other payables	1,438	(1,926)
Decrease in contract liabilities	(3,162)	(8,602)
Increase in provisions	687	–
Cash used in operations	(14,387)	(17,664)
Macao Complementary Tax paid	(23)	(164)
Net cash used in operating activities	**(14,410)**	**(17,828)**

	Note	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Purchases of items of property, plant and equipment		**(108)**	(3,511)
Additions of intangible assets		**–**	(389)
Disposal of subsidiaries	42(a)	**(3)**	–
Acquisition of subsidiaries	42(b)	**–**	(1,952)
Interest received		**21**	5
Net cash used in investing activities		**(90)**	(5,847)
Cash flows from financing activities			
Principal elements of lease payments		**(10,170)**	(13,673)
Interest on lease liabilities		**(600)**	(1,186)
Proceeds from rights issue, net of issue expenses		**–**	26,000
Proceeds from placing of new shares		**5,263**	16,500
Share issue expenses		**(143)**	(259)
Net cash (used in)/generated from financing activities		**(5,650)**	27,382
Net (decrease)/increase in cash and cash equivalents		**(20,150)**	3,707
Effect of foreign exchange rate changes		**(356)**	(48)
Cash and cash equivalents at 1 April		**25,556**	21,897
Cash and cash equivalents at 31 March		**5,050**	25,556
Analysis of cash and cash equivalents			
Cash and bank balances	30	**5,050**	25,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 1F., Lok Kui Industrial Building, 6–8 Hung To Road, Kwun Tong, Kowloon, 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 "**Listing**").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 43 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise all 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 HKFRSs 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$27,161,000 for the year ended 31 March 2024 and as at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK$20,288,000 and HK$9,075,000, respectively. These 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.

- proposed placing of new shares under general mandate to obtain external source of funding in order to finance the Group's operation and business development.

2. BASIS OF PREPARATION *(continued)*

Going concern assumption *(continued)*

The management have prepared the cash flow projections of the Group for a period of twelve months from the reporting date 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 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 HKFRSs

(a) Application of new and amendments to HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

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

The application of the new and amendments to HKFRSs 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 this consolidated financial statements.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs *(continued)*

(a) Application of new and amendments to HKFRSs *(continued)*

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

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated financial statements.

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance and the disclosure of the Group's accounting policies set out in note 4 to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will come into effect from 1 May 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs *(continued)*

(a) Application of new and amendments to HKFRSs *(continued)*

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong *(continued)*

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group's LSP liability and staff costs in prior year.

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not early applied any amendments to HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2023. These amendment to HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that the application of the above amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

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 financial statements in conformity with HKFRSs 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 the 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.

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) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(e) 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.

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(f) 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.

(g) 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)*

(g) 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.

(h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(i) 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.

(j) 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.

(k) 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)*

(l) 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.

Debt investments

Debt instruments held by the Group are classified into amortised cost if the investments is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

Equity investments

An investment in equity securities is classified as FVTPL.

(m) 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.

(n) 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**").

(o) 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 HKFRSs. 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(p) 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.

(q) 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.

(r) 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 beauty service is recognised at the point of time when the services are rendered.

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

Receipts in advance from credit package, member voucher and beauty package 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)*

(s) 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 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.

(t) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(u) 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 on 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)*

(v) 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.

(w) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(w) 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)*

(w) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(w) 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)*

(w) 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.

(x) 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.

(y) 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.

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(w), 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 2024 were approximately HK$2,555,000 (2023: HK$4,179,000) and HK$5,205,000 (2023: HK$15,889,000) respectively. No impairment loss was recognised during the years ended 31 March 2024 and 2023.

(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 2024 was approximately HK$16,447,000 (net of allowance for inventories of approximately HK$5,614,000) (2023: HK$21,139,000 (net of allowance for inventories of approximately HK$7,969,000)).

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 2024, the carrying amount of loan receivables was approximately HK$10,301,000 (net of allowance for ECL of approximately HK$877,000) (2023: HK$6,492,000 (net of allowance for ECL approximately HK$107,000)).

(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 deposits and other receivables. 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 2024, the carrying amount of deposits and other receivables was HK$9,516,000 (net of allowance for ECL of approximately HK$439,000) (2023: HK$11,826,000 (net of allowance for ECL of approximately HK$273,000)).

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$69,000 (2023: HK$322,000) 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

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 2024				
Performing	**0.0%–41.0%**	**9,657**	**(141)**	**9,516**
Non-performing	**100%**	**298**	**(298)**	**–**
		9,955	**(439)**	**9,516**
31 March 2023				
Performing	1.55%–16.1%	11,867	(41)	11,826
Non-performing	100%	232	(232)	–
		12,099	(273)	11,826

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

	12-month ECL *HK$'000*	Lifetime ECL but credit impaired *HK$'000*	Total *HK$'000*
At 1 April 2022	53	33	86
(Reversal of Impairment losses)/ Impairment losses recognised during the year	(12)	199	187
At 31 March 2023 and 1 April 2023	**41**	**232**	**273**
Impairment losses recognised during the year	**100**	**66**	**166**
At 31 March 2024	**141**	**298**	**439**

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 2024				
Performing	2.2%	6,182	(136)	6,046
Underperforming	14.8%	4,996	(741)	4,255
		11,178	(877)	10,301
31 March 2023				
Performing	1.6%	6,599	(107)	6,492

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	Total HK$'000
At 1 April 2022	–	–	–
Impairment losses recognised for the year	107	–	107
At 31 March 2023 and 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	–
As at 31 March 2024	136	741	877

For amount due from a shareholder, there were 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.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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**

Maximum exposure as at 31 March 2023

	12-month ECL	Lifetime ECL	
	Performing *HK$'000*	Credit-impaired *HK$'000*	Total *HK$'000*
Deposits and other receivables	11,867	232	12,099
Loan receivables	6,599	–	6,599
Amount due from a shareholder	173	–	173
	18,639	232	18,871

(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 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 effective interest rate	Less than 1 year	1 to 2 years	2 to 5 years	Total Undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
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**
31 March 2023						
Trade and other payables	N/A	6,256	–	–	6,256	6,256
Lease liabilities	4.75% to 13.0%	11,023	5,558	573	17,154	16,373
		17,279	5,558	573	23,410	22,629

(f) Categories of financial instruments at 31 March

	2024	2023
	HK$'000	*HK$'000*
Financial assets:		
Financial assets measured at FVTPL		
– Unlisted equity securities	**690**	–
– Listed equity securities	**–**	3,215
Financial assets measured at amortised cost	**25,803**	44,523
Financial liabilities:		
Financial liabilities at amortised cost	**7,583**	6,256

6. FINANCIAL RISK MANAGEMENT *(continued)*

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as at 31 March 2024 and 2023 as reflected in the consolidated statement of financial position approximate their respective fair values except as disclosed in note 7 to the consolidated financial statements.

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.

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

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

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
– Listed equity securities	3,215	–	–	3,215

7. FAIR VALUE MEASUREMENTS *(continued)*

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

Assets	2024 HK$'000	2023 HK$'000
Description		
Financial assets at FVTPL– Unlisted equity securities		
At 1 April	–	–
Addition	2,985	–
Fair value loss recognised in profit or loss	(2,295)	–
At 31 March	690	–

During the years ended 31 March 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

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

As at 31 March 2024

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for charges in inputs	Fair value HK$'000
Financial assets at FVTPL – Unlisted equity securities	Enterprise value-to-sales	Discount for lack of marketability	22%	Decrease	690
		Enterprise value/sales	3.82	Increase	

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 provision of beauty services, provision of social influencers agency services through an online platform and 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 2024

	Lingerie products *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
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)**

Year ended 31 March 2023

	Lingerie products *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue – External customers	42,845	1,844	44,689
Segment results	5,381	670	6,051
Unallocated income and expenses, net			(40,711)
Loss before tax			(34,660)

8. OPERATING SEGMENT INFORMATION *(continued)*

Other segment information

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

Year ended 31 March 2024

	Lingerie products *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
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**

Year ended 31 March 2023

	Lingerie products *HK$'000*	Others *HK$'000*	Total *HK$'000*
Additions of property, plant and equipment	1,426	2,085	3,511
Additions of right-of-use assets	11,258	4,740	15,998
Depreciation of property, plant and equipment	1,553	855	2,408
Write off of property, plant and equipment	67	169	236
Depreciation of right-of-use assets	10,944	2,658	13,602
Additions of intangible assets	–	389	389
Amortisation of intangible assets	–	63	63
Impairment losses for goodwill	–	1,489	1,489

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 intangible assets, interests in associates, goodwill, deposits and loan receivables) by location of assets are as follows:

	Revenue		Non-current assets	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**37,863**	40,865	**6,445**	16,910
Macau	**3,274**	3,418	**1,075**	713
The PRC (other than Hong Kong and Macau)	**36**	406	**240**	2,445
	41,173	44,689	**7,760**	20,068

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 2024 and 2023.

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:

	2024	2023
	HK$'000	*HK$'000*
Products and services transferred at a point in time within the scope of HKFRS 15:		
Sales of lingerie products	**38,756**	42,845
Provision of beauty services	**–**	772
Provision of social influencers agency services through an online platform	**74**	74
	38,830	43,691
Revenue from other sources		
Interest income from loan financing	**2,343**	998
	41,173	44,689

10. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Bank interest income	21	5
Rent concessions received	15	93
Government grants (note)	–	1,510
Others	126	995
	162	2,603

Note: Government grants represent subsidies from government under the Employment Support Scheme and Subsidy Scheme for Beauty Parlours. At 31 March 2023, there was no unfulfilled conditions nor other contingencies attached to the government grants remain unsatisfied. No government grants was recognised during the year ended 31 March 2024.

11. OTHER GAINS AND LOSSES, NET

	2024 HK$'000	2023 HK$'000
Allowance for inventories	(2,141)	(3,968)
Loss on disposal of financial assets at FVTPL	(881)	–
Loss on disposal of subsidiaries	(1,831)	–
Gain on early termination of leases	30	82
Impairment losses for goodwill	–	(1,489)
Net foreign exchange gains	27	5
Write off of deposits, prepayments and other receivables	(346)	(57)
Write off of inventories	(47)	(130)
Write off of property, plant and equipment	–	(236)
Others	(235)	–
	(5,424)	(5,793)

12. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expenses on lease liabilities	600	1,186
Other interest expenses	15	39
	615	1,225

13. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax – Provision for the year		
– Hong Kong Profits Tax	179	65
Deferred tax	–	(5)
	179	60

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 Profit Tax rate regime will continue to be taxed at a rate of 16.5% for the years ended 31 March 2024 and 2023.

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 2024 and 2023.

For the Group's subsidiaries established and operated in the PRC are subject to PRC Enterprise Income Tax ("**EIT**") at the rate of 25% (2023: 25%). No provision for EIT is made since the Group has no assessable profit for the years ended 31 March 2024 and 2023.

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:

	2024 HK$'000	2023 HK$'000
Loss before tax	(26,982)	(34,660)
Tax at the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	(4,452)	(5,719)
Tax effect of income that is not taxable	(628)	(566)
Tax effect of expenses that are not deductible	3,734	2,782
Tax effect of share of results of an associate	–	820
Tax effect of temporary differences not recognised	184	1,637
Tax effect of tax losses not recognised	2,281	1,666
Tax effect of utilisation of tax losses not previously recognised	(811)	(50)
Tax benefits	(205)	(326)
Effect of different tax rates of subsidiaries	76	(184)
Income tax expense	179	60

14. LOSS FOR THE YEAR

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

	2024 HK$'000	2023 HK$'000
Auditor's remuneration		
– Audit service	730	700
Amortisation of intangible assets (included in administrative and other operating expenses)	176	63
Cost of inventories recognised as an expenses (note)	11,042	13,914
Depreciation of property, plant and equipment	1,976	2,408
Depreciation of right-of-use assets	9,913	13,602
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative and other operating expenses)	3,016	1,617
Expenses relating to variable lease payment (included in selling expenses)	169	111
Impairment losses for goodwill (included in other gains and losses)	–	1,489
Impairment losses for interests in associates	–	133
Impairment losses for deposits and other receivables	166	187
Impairment losses for loan receivables	770	107
Net foreign exchange gains	(27)	(5)
Staff costs (including directors' emoluments (note 15(a)))		
– Salaries, bonuses and allowances	21,707	25,693
– Service costs of long service payments	687	–
– Retirement benefit scheme contributions	730	1,207
	23,124	26,900

Note: Cost of inventories includes staff costs and depreciation of approximately HK$6,505,000 (2023: HK$8,575,000) 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:

	2024 *HK$'000*	2023 *HK$'000*
Fees	**360**	495
Other emoluments		
Salaries and allowances	**3,040**	1,451
Retirement benefit scheme contributions	**21**	18
	3,061	1,469
	3,421	1,964

	Fees *HK$'000*	**Salaries and allowances** *HK$'000*	**Retirement benefit scheme contributions** *HK$'000*	**Total** *HK$'000*
31 March 2024				
Executive directors				
Mr. Zheng Sihu (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
Independent non-executive directors				
Mr. Tang Yiu Kay	120	–	–	120
Mr. Tong Zhu	120	–	–	120
Mr. Lai Kim Fung	120	–	–	120
	360	–	–	360

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 2023				
Executive directors				
Mr. Zheng Sihu (Chairman) (note (i))	–	431	–	431
Mr. Tam Chak Chi (note (ii))	–	420	18	438
Mr. Xu Xue	–	600	–	600
	–	1,451	18	1,469
Independent non-executive directors				
Mr. Tang Yiu Kay	165	–	–	165
Mr. Tong Zhu	165	–	–	165
Mr. Lai Kim Fung	165	–	–	165
	495	–	–	495

Note:

(i) Mr. Zheng Sihu was appointed as an executive director on 13 July 2022.

(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 on 19 September 2023.

(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.

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

(a) Directors' emoluments *(continued)*

There was no arrangement under which a director waived or agreed to waive any emolument during the year (2023: 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 (2023: 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 (2023: Nil).

16. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group during the year included four directors (2023: two directors) whose emoluments are reflected in the analysis presented in note 15 to the consolidated financial statements. The emoluments of the remaining one (2023: three) individuals are set out below:

	2024	2023
	HK$'000	*HK$'000*
Salaries and allowances	**600**	1,806
Retirement benefit scheme contributions	**18**	54
	618	1,860

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 (2023: Nil).

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

	2024	2023
Nil to HK$1,000,000	**1**	3

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

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. The Amendment Ordinance has impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition as disclosed in note 3.

17. RETIREMENT BENEFIT SCHEMES *(continued)*

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

LSP obligation

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

	2024
	HK$'000
Opening unfunded obligation	**–**
Current service cost	**669**
Interest cost	**18**
Remeasurement of long service obligations recognised in other comprehensive income	
– Actuarial losses arising from changes in financial assumptions	**(28)**
Closing unfunded obligation	**659**

The average duration of the benefit obligation at 31 March 2024 is 11 years.

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

	2024	2023
	HK$'000	*HK$'000*
Administrative expense	**687**	–

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

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

17. RETIREMENT BENEFIT SCHEMES *(continued)*

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

LSP obligation *(continued)*

The sensity 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:

	Increase in 0.25%	Decrease in 0.25%
Discount rate	(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.

(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 (2023: Nil).

19. LOSS PER SHARE

(a) Basic loss per share

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

	2024	2023
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(27,161)**	(34,720)

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,018,556**	812,888

(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 2024 and 2023.

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2022	5,120	3,239	490	1,607	10,456
Additions	2,408	243	560	300	3,511
Acquisition of subsidiaries	–	58	–	–	58
Write off	(2,060)	(1,234)	(13)	(815)	(4,122)
Exchange differences	(36)	(29)	(9)	–	(74)
At 31 March 2023 and 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 42(a))	**–**	**(124)**	**–**	**–**	**(124)**
Write off	**–**	**(618)**	**(5)**	**–**	**(623)**
Exchange differences	**(5)**	**(5)**	**(9)**	**–**	**(19)**
At 31 March 2024	**5,433**	**1,611**	**1,035**	**1,438**	**9,517**
Accumulated depreciation and impairment					
At 1 April 2022	3,607	2,362	229	995	7,193
Charge for the year	1,361	521	210	316	2,408
Write off	(1,984)	(1,109)	(5)	(788)	(3,886)
Exchange differences	(31)	(28)	(6)	–	(65)
At 31 March 2023 and 1 April 2023	**2,953**	**1,746**	**428**	**523**	**5,650**
Disposal of subsidiaries (note 42(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	**4,205**	**1,310**	**568**	**879**	**6,962**
Carrying amount					
At 31 March 2024	**1,228**	**301**	**467**	**559**	**2,555**
At 31 March 2023	2,479	531	600	569	4,179

During the year, the Group assessed the recoverable amount of the CGU and no impairment loss (2023: Nil) was recognised in the consolidated profit or loss in respect of property, plant and equipment attributable to that CGU.

21. RIGHT-OF-USE ASSETS

	2024	2023
	HK$'000	*HK$'000*
At 1 April	**15,889**	15,833
Additions	**504**	15,998
Acquisition of subsidiaries	**–**	466
Disposal of subsidiaries (note 42(a))	**(49)**	–
Transfer to property, plant and equipment (note 20)	**(346)**	–
Early termination of leases	**(834)**	(2,836)
Depreciation	**(9,913)**	(13,602)
Exchange difference	**(46)**	30
At 31 March	**5,205**	15,889

During the year ended 31 March 2024, no impairment loss (2023: Nil) was recognised as the recoverable amount of the CGU of lingerie product is higher (2023: higher) than its carrying amount as at 31 March 2024.

Lease liabilities of approximately HK$5,729,000 (2023: HK$16,373,000) were recognised with related right-of-use assets of approximately HK$5,205,000 (2023: HK$15,889,000) as at 31 March 2024.

	2024	2023
	HK$'000	*HK$'000*
Depreciation expenses on right-of-use assets	**9,913**	13,602
Rent concessions received	**(15)**	(93)
Gain on early termination of leases	**(30)**	(82)
Interest expense on lease liabilities (included in finance costs)	**600**	1,186
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative and other operating expenses)	**3,016**	1,617
Expenses relating to variable lease payment (included in selling expenses)	**169**	111

Details of total cash outflow for leases is set out in note 42(d) to the consolidated financial statements.

21. RIGHT-OF-USE ASSETS *(continued)*

The Group leases various offices, warehouses, motor vehicle and retail stores for its operations. Lease contracts are entered into for fixed term of 1 to 3 years (2023: 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.

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:

	2024 *HK$'000*	2023 *HK$'000*
Retail stores		
Fixed payments	**9,880**	6,961
Variable payments	**169**	111
Rent concessions received	**(15)**	(93)
	10,034	6,979

At 31 March 2024, it is estimated that an increase in sales generated from these retail stores by 5% would have increased the lease payments by approximately HK$205,000 (2023: approximately HK$150,000).

22. INTANGIBLE ASSETS

	Online platform HK$'000
Cost	
At 1 April 2022	
Acquisition of subsidiaries	568
Additions during the year	389
At 31 March 2023 and 1 April 2023	**957**
Disposal of subsidiaries (note 42(a))	**(957)**
As at 31 March 2024	**–**
Accumulated amortisation	
At 1 April 2022	
Amortisation for the year	63
At 31 March 2023 and 1 April 2023	**63**
Amortisation for the year	**176**
Disposal of subsidiaries (note 42(a))	**(239)**
At 31 March 2024	**–**
Carrying amount	
At 31 March 2024	**–**
At 31 March 2023	894

The average remaining amortisation period of the online platform is 0 year in 2024 (2023: 5 years).

During the year ended 31 March 2023, the Group assessed the recoverable amount of the CGU of provision of social influencers agency services through an online platform and no impairment loss was recognised in the consolidated profit or loss in respect of intangible assets to that CGU. Details of the impairment assessment are disclosed in note 24 to the consolidated financial statements.

23. INTERESTS IN AN ASSOCIATE

	2024 *HK$'000*	2023 *HK$'000*
Unlisted shares, at cost		
Share of net assets	–	–
Goodwill	27,159	27,159
	27,159	27,159
Less: impairment losses for interests in an associate	(27,159)	(27,159)
	–	–

Details of the Group's associate at 31 March 2024 and 2023 is as follows:

Name	Place of incorporation/ principal place of business	Issued and paid up capital	Percentage of ownership interest		Principal activities
			2024	2023	
Honour Achieve International Investment Limited ("**Honour Achieve**") (note)	BVI/Hong Kong	US$10,000	34%	34%	Provision of medical aesthetic service

Note:

On 11 January 2019, the Group acquired 34% of equity interest in Honour Achieve at a cash consideration of HK$32,640,000. Honour Achieve was incorporated in the BVI on 8 March 2016, with issued share capital of US$10,000.

The Group had carried out a review of the recoverable amount of its interests in an associate at 31 March 2023 with reference to the valuation performed by an independent valuer. The recoverable amount was assessed based on fair value less cost of disposal by using market approach basis under level 3 fair value measurement. The key assumptions were the Price-to-Earnings Ratio, Control Premium and discount of lack of marketability.

The Price-to-Earnings Ratio use in the valuation was 23.16. The control premium and discount of lack of marketability were 20.4% and 15.7%.

During the year ended 2023, the business of Honour Achieve was affected by epidemic of COVID-19 Pandemic. Accordingly, impairment losses of approximately HK$133,000 was recognised for the year ended 31 March 2023. The recoverable amount of the interests in an associate was lower than its carrying amount and resulted to the carrying amount of interests in Honour Achieve was fully impaired as at 31 March 2023.

The Group has not recognised loss for the year ended 31 March 2024 amounting to approximately HK$580,000 (2023: HK$4,104,000) for Honour Achieve. The accumulated losses not recognised as at 31 March 2024 were approximately HK$4,684,000 (2023: HK$4,104,000).

23. INTERESTS IN AN ASSOCIATE *(continued)*

The following table shows information on an associate that are material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the management account of the associate.

	2024	2023
% of ownership interests/voting rights held by the Group	**34%/34%**	34%/34%
	HK$'000	*HK$'000*
At 31 March:		
Current assets	**3,427**	13,740
Current liabilities	**(17,202)**	(25,810)
Net liabilities	**(13,775)**	(12,070)
Group's share of net assets	**–**	–
Goodwill	**27,159**	27,159
Impairment losses for investment in an associate	**(27,159)**	(27,159)
Group's share of carrying amount of interests	**–**	–
Year ended 31 March:		
Revenue	**984**	1,026
Loss and total comprehensive income for the year	**(1,705)**	(26,679)

24. GOODWILL

	2024 *HK$'000*	2023 *HK$'000*
Cost		
At 1 April	**3,089**	440
Disposal of subsidiaries (note 42(a))	**(3,089)**	(440)*
Arising on acquisition of subsidiaries	**–**	3,089
At 31 March	**–**	3,089
Accumulated impairment losses		
At 1 April	**1,489**	440
Disposal of subsidiaries (note 42(a))	**(1,489)**	(440)
Impairment losses recognised	**–**	1,489
At 31 March	**–**	1,489
Carrying amount		
At 31 March	**–**	1,600

* Disposal of Dynasty Investment (HK) Limited in 2023

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("**CGUs**") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2024 *HK$'000*	2023 *HK$'000*
Provision of social influencers agency services through an online platform:		
Hong Kong Good Think Network Technology Co., Limited and its subsidiaries ("**Good Think Group**")	**–**	3,089
Less: impairment losses	**–**	(1,489)
	–	1,600

24. GOODWILL *(continued)*

In addition to goodwill, property, plant and equipment, right-of-use assets and intangible assets that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

As at 31 March 2023, for the CGU of provision of social influencers agency services through an online platform, the recoverable amounts of the Goodwill had been determined on the basis of their value in use using discounted cash flow method, which uses cash flow projections based on financial budgets approved by the directors covering a five-year period and a pre-tax discount rate of 17.18% per annum in 2023 calculated by using weighted average cost of capital. The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast revenue growth rates – based on past experience adjusted for market trends and the strategic decisions made in respect of the CGU.

Cash flows beyond five-year period had been extrapolated using a steady 3% per annum growth rate, which was estimated by the directors of the Company based on past performance of the CGU and their expectations of market development and the rate did not exceed the average long-term growth rate for the relevant markets.

25. INVENTORIES

	2024	2023
	HK$'000	*HK$'000*
Raw materials	**2,830**	3,306
Work-in-progress	**278**	203
Finished goods	**18,953**	25,599
	22,061	29,108
Less: allowance for inventories	**(5,614)**	(7,969)
	16,447	21,139

Allowance for inventories of approximately HK$2,141,000 (2023: HK$3,968,000) was recognised for the year ended 31 March 2024.

26. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables (note (i))	**424**	276
Prepayments (note (ii))	**8,818**	1,956
Rental deposits	**5,012**	6,012
Other deposits	**2,389**	5,525
Other receivables (note (iii))	**2,554**	562
	19,197	14,331
Allowance for deposits and other receivables	**(439)**	(273)
	18,758	14,058
Analysed as:		
Current assets	**17,649**	6,222
Non-current assets	**1,109**	7,836
	18,758	14,058

Note:

(i) The Group allows a credit period of 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:

	2024 HK$'000	2023 HK$'000
0 – 30 days	**424**	276

As of 31 March 2024, none of trade receivables were considered as past due but not impaired (2023: Nil).

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

	2024 HK$'000	2023 HK$'000
HK$	**17,900**	13,528
Renminbi ("**RMB**")	**824**	522
Pataca ("**MOP**")	**34**	8
	18,758	14,058

26. TRADE AND OTHER RECEIVABLES *(continued)*

Note: *(continued)*

(ii) The amount reprensents prepayment for purchase of inventory for lingerie products.

(iii) The amount reprensents mainly for the receivable arising from disposal of subsidiaries amounting to HK$700,000 (2023: Nil), advanced operating expenses amounting to approximately HK$1,127,000 (2023: HK$352,000) and various miscellaneous receivables amounting to approximately HK$727,000 (2023: HK$210,000).

27. LOAN RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Loan receivables – unsecured	**11,178**	6,599
Less: Allowance for loan receivables	**(877)**	(107)
	10,301	6,492

The Group's loan receivables, which arise from the money lending business in Hong Kong, had a loan period of 1 to 2 years. The loans provided to customers bore floating interest rate ranged from 17.63% to 41.88% (2023: 17.13% to 41.00%) per annum for the year ended 31 March 2024 and were repayable 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:

	2024	2023
	HK$'000	*HK$'000*
Repayable:		
Less than 1 year	**6,369**	6,492
Between 1 year to 2 years	**3,932**	–
	10,301	6,492

The loan receivables outstanding as at 31 March 2024 and 2023 are denominated in HK$.

28. FINANCIAL ASSETS AT FVTPL

	2024 *HK$'000*	2023 *HK$'000*
Equity securities held for trading, at fair value		
– Listed in United States (note (i))	–	3,215
– Unlisted equity securities (note (ii))	690	–
	690	3,215

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:

(i) The equity securities listed in United States offer the Group the opportunity for return through dividend income and fair value gains. The fair values of listed securities are based on current bid prices and disposed during the year ended 31 March 2024.

(ii) As at 31 March 2024, 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.

The management engaged an independent qualified professional valuer to determine the fair value of this investment as at 31 March 2024. The valuer adopted the market approach to determine the valuation parameters derived from market prices and financial data of unlisted company in a similar business and with a similar business model as that of the company being valued for the equity interest in this unlisted company.

Details of the valuations are set out in note 7 to the consolidated financial statements.

29. 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 are denominated in HK$.

30. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	2024	2023
	HK$'000	*HK$'000*
Pledged bank balances	**201**	200
Cash and bank balances	**5,050**	25,556
	5,251	25,756

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

	2024	2023
	HK$'000	*HK$'000*
HK$	**4,494**	24,999
RMB	**75**	88
MOP	**662**	413
US$	**20**	256
	5,251	25,756

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.

The Group's pledged bank deposits represented deposits pledged to a bank to secure business credit card of the Group.

31. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**328**	489
Accruals and other payables	**7,255**	5,767
	7,583	6,256

The credit periods on trade payables offered by suppliers are within 60 days.

31. TRADE AND OTHER PAYABLES *(continued)*

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

	2024	2023
	HK$'000	*HK$'000*
0 – 60 days	**241**	489
Over 60 days	**87**	–
	328	489

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

	2024	2023
	HK$'000	*HK$'000*
HK$	**5,927**	4,708
RMB	**1,642**	1,533
MOP	**14**	15
	7,583	6,256

32. CONTRACT LIABILITIES

	Credit package	**Member voucher**	**Beauty package**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2022	64,732	60	454	65,246
Receipts from sales of credit package, member voucher and beauty package	29,023	–	402	29,425
Revenue recognised upon sales of goods and beauty service rendered	(37,165)	(4)	(759)	(37,928)
Transfer to other payables	–	–	(97)	(97)
Exchange differences	–	(4)	–	(4)
At 31 March 2023 and 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)**
At 31 March 2024	**53,426**	**49**	**–**	**53,475**

32. 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 2024 and 2023 is expected to be recognised within two years.

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

33. LEASE LIABILITIES

	Minimum lease payments		Present value if minimum lease payments	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**4,972**	11,023	**4,800**	10,417
More than one year, and within the second year	**944**	5,558	**929**	5,391
In the third to fifth year, inclusive	**–**	573	**–**	565
	5,916	17,154	**5,729**	16,373
Less: Future finance charges	**(187)**	(781)	**N/A**	N/A
Present value of lease obligations	**5,729**	16,373	**5,729**	16,373
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,800)**	(10,417)
Amount due for settlement after 12 months			**929**	5,956

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.63% (2023: 4.75% to 13.0%).

33. LEASE LIABILITIES *(continued)*

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

	2024	2023
	HK$'000	*HK$'000*
HK$	**5,534**	15,398
RMB	**195**	975
	5,729	16,373

34. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group:

	Intangible assets
	HK$'000
Acquisition of subsidiaries	64
Credit to profit or loss for the year	(5)
At 31 March 2023 and 1 April 2023	**59**
Disposal of subsidiaries (note 42(a))	**(59)**
At 31 March 2024	**–**

At the end of the reporting period, the Group has unused tax losses of approximately HK$43,592,000 (2023: HK$34,677,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$12,206,000 (2023: HK$13,717,000) that will expire in five years. Other tax losses may be carried forward indefinitely.

35. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	4,000,000	40,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 March 2022 and 1 April 2022	630,000	6,300
Issue of shares upon rights issue (note (a))	270,000	2,700
Placing of new shares under general mandate (note (b))	110,000	1,100
At 31 March 2023 and 1 April 2023	**1,010,000**	**10,100**
Placing of new shares under general mandate (note (c))	**26,315**	**263**
At 31 March 2024	**1,036,315**	**10,363**

Notes:

(a) On 17 June 2022, the Company announced the rights issue (the "**Rights Issue**") on the basis of one rights share for every two shares held by the shareholders of the Company on the record date of 28 July 2022 to issue 315,000,000 rights shares at the subscription price of HK$0.1 per rights share. On 19 August 2022, the Company completed the Rights Issue and issued 270,000,000 rights shares. The net proceeds from the Rights Issue, after deducting the expenses involved of approximately HK$1.0 million, was approximately HK$26.0 million. Details of the Rights Issue were disclosed in announcements of the Company dated 17 June 2022 and 19 August 2022 and the prospectus of the Company dated 29 July 2022.

(b) On 23 February 2023, the Company and uSMART Securities Limited, entered into a placing agreement in respect of the placing of 120,000,000 ordinary shares at a price of HK$0.15 per share under general mandate. The placing was completed on 20 March 2023. An aggregate of 110,000,000 placing shares have been successfully placed to not less than six placees at the placing price of HK$0.15 per placing share. The net proceeds from the Third Placing, after deduction of share issue expenses of approximately HK$0.3 million, was approximately HK$16.2 million. Details of the placing were disclosed in announcements of the Company dated 23 February 2023, 28 February 2023 and 20 March 2023.

(c) On 3 November 2023, the Company and uSMART Securities Limited entered into a placing agreement in respect of 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 have been successfully placed at the placing price of HK$0.2 per placing share. The net proceeds from placing, after deduction of share issue expenses of approximately of HK$0.1 million, was approximately HK$5.1 million. Details of the placing shares were disclosed in announcements of the Company dated on 3 November 2023, 6 November 2023, 20 November 2023 and 4 December 2023.

35. SHARE CAPITAL *(continued)*

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 2024 and 2023.

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:

	2024 ***HK$'000***	2023 *HK$'000*
Lease liabilities	**5,729**	16,373
Less: Cash and cash equivalents	**(5,050)**	(25,556)
Net debts/(cash and cash equivalents exceed the debts)	**679**	(9,183)
(Capital deficiency)/total equity	**(9,075)**	13,212
Gearing ratio	**N/A**	(70%)

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.

36. 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.

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

(a) Statement of financial position of the Company

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		1,002	1,576
Right-of-use assets		441	2,717
Investments in subsidiaries		20	10
Deposits		44	3,722
		1,507	8,025
Current assets			
Deposits, prepayments and other receivables		10,296	3,060
Financial assets at FVTPL		690	–
Amount due from a shareholder		44	44
Cash and bank balances		1,680	21,814
		12,710	24,918
Current liabilities			
Other payables		2,413	891
Lease liabilities		248	2,278
		2,661	3,169
Net current assets		10,049	21,749
Total assets less current liabilities		11,556	29,774
Non-current liabilities			
Lease liabilities		195	605
Net assets		11,361	29,169
Equity			
Share capital	35	10,363	10,100
Reserves	37(b)	998	19,069
Total equity		11,361	29,169

Approved and authorised for issue by the Board of Directors on 28 June 2024.

Xu Xue
Director

Zheng Sihu
Director

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

(b) Reserves movement of the Company

	Share premium account HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	86,664	(72,822)	13,842
Issue of shares upon rights issue, net issue expenses	23,300	–	23,300
Placing of new shares under general mandate	15,400	–	15,400
Share issue expenses	(259)	–	(259)
Loss and total comprehensive income for the year	–	(33,214)	(33,214)
At 31 March 2023 and 1 April 2023	**125,105**	**(106,036)**	**19,069**
Placing of new shares under general mandate	**5,000**	**–**	**5,000**
Share issue expenses	**(143)**	**–**	**(143)**
Loss and total comprehensive income for the year	**–**	**(22,928)**	**(22,928)**
At 31 March 2024	**129,962**	**(128,964)**	**998**

38. CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities (2023: Nil).

39. CAPITAL COMMITMENTS

As at 31 March 2024, the Group did not have any significant capital commitments (2023: Nil).

40. LEASE COMMITMENT

The Group entered into short-term leases for retail stores during the reporting period. As at 31 March 2024, the outstanding lease commitments relating to these retail stores is approximately HK$986,000 (2023: HK$518,000).

41. 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:

	2024 *HK$'000*	2023 *HK$'000*
Fees	360	495
Other emoluments		
Salaries and allowances	3,881	2,171
Retirement benefit scheme contributions	33	36
	3,914	2,207
	4,274	2,702

42. 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 was completed on 25 March 2024.

Net assets at the date of disposal were as follows:

	HK$'000
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)
Net assets disposed of	2,573
Release of foreign currency translation reserve	(42)
Loss on disposal of subsidiaries	(1,831)
Total consideration	700
Consideration satisfied by:	
Other receivables	700
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(3)

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

(b) Acquisition of subsidiaries

On 31 October 2022, the Group acquired 100% of the issued share capital of Good Think Group for a total consideration of HK$2,000,000. 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 acquisitions are for the purpose of diversifying the Group's business.

The fair value of the identifiable assets and liabilities of Good Think Group acquired as at the date of acquisition are as follows:

	HK$'000
Right-of-use assets	466
Property, plant and equipment	58
Intangible assets	568
Rental deposits	58
Trade and other receivables	323
Cash and bank balances	48
Trade and other payables	(2,076)
Lease liabilities	(470)
Deferred tax liabilities	(64)
Net liabilities acquired	(1,089)
Goodwill	3,089
Consideration satisfied by cash	2,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,000)
Cash and bank balances being acquired	48
	(1,952)

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

(b) Acquisition of subsidiaries *(continued)*

The fair value of the trade and other receivables acquired is approximately HK$323,000 which is the same with the gross contractual amount. There are no trade and other receivables expected to be uncollectible.

The goodwill arising on the acquisition is attributable to the anticipated profitability in the new markets and the anticipated future operating synergies from the combination.

Good Think Group contributed approximately HK$118,000 and HK$848,000 to the Group's revenue and loss respectively for the year for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2022, total Group revenue for the year would have been HK$44,722,000, and loss for the year would have been HK$35,923,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2022, nor is intended to be a projection of future results.

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

(c) 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 *HK$'000*
At 1 April 2022	16,810
Commencement of new tenancy agreement	15,752
Acquisition of subsidiaries	470
Cash flows	(14,859)
Rent concessions received	(93)
Early termination of leases	(2,918)
Finance lease charges	1,186
Exchange difference	25
At 31 March 2023 and 1 April 2023	**16,373**
Commencement of new tenancy agreement	**504**
Cash flows	**(10,770)**
Rent concessions received	**(15)**
Disposal of subsidiaries (note 42(a))	**(51)**
Early termination of leases	**(864)**
Finance lease charges	**600**
Exchange difference	**(48)**
At 31 March 2024	**5,729**

(d) Total cash outflow for leases

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

	2024 *HK$'000*	2023 *HK$'000*
Within operating cash flows	**3,185**	1,728
Within financing cash flows	**10,770**	14,859
	13,955	16,587

These amounts relate to lease rental paid.

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

(e) Major non-cash transaction

– Additions to right-of-use assets during the year of approximately HK$504,000 (2023: HK$15,998,000) were financed by leases liabilities.

– On 23 May 2023, the directors of the Company signed the share transfer instrument for the acquisition of the 1% interests in an unlisted company at the consideration of HK$2,985,000 which was paid as deposit during the year ended 31 March 2023. The transaction was completed on 23 May 2023 and the deposit of approximately HK$2,985,000 was transferred to financial assets at FVTPL during the year ended 31 March 2024.

43. SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows:

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest	Principal activities and place of operation
Wish Enterprise Limited	The BVI	2 ordinary shares @US$1 each	Direct 100% (2023: direct 100%)	Investment holding, Hong Kong
Glory Unique Limited	The BVI	2 ordinary shares @US$1 each	Direct 100% (2023: direct 100%)	Investment holding, Hong Kong
Ocean Star Technology Investment Limited	Hong Kong	HK$10,000	Direct 100% (2023: N/A)	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	Direct 100% (2023: N/A)	Investment holding, Hong Kong
My Heart Bodibra Limited	Hong Kong	HK$100	Indirect 100% (2023: indirect 100%)	Retail sales of lingerie products, Hong Kong
My Heart Factory Limited	Hong Kong	HK$5	Indirect 100% (2023: indirect 100%)	Design and manufacture of lingerie products and provision of lingerie alteration service, Hong Kong
Excellent Goldenfield Limited	Hong Kong	HK$1	Indirect 100% (2023: indirect 100%)	Investment holding, Hong Kong

43. SUBSIDIARIES *(continued)*

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest	Principal activities and place of operation
Chuang Ming Services Limited	Hong Kong	HK$10,000	Indirect 100% (2023: indirect 100%)	Money lending, Hong Kong
Hong Kong Good Think Network Technology Co., Limited (note (b))	Hong Kong	HK$10,000	N/A (2023: indirect 100%)	Investment holding, Hong Kong
My Heart Bodibra Lingerie (Macau) Limited	Macau	MOP25,000	Indirect 100% (2023: indirect 100%)	Retail sales of lingerie products, Macau
華心思製衣(深圳)有限公司 Huaxinsi Zhiyi (Shenzhen) Co., Ltd.* ("**Hua Xin Si**") (note (a))	The PRC	Registered and paid up capital: RMB1,000,000	Indirect 100% (2023: indirect 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.* ("**Xin Xin**") (note (a))	The PRC	Registered: RMB1,000,000 Paid up: RMB600,000	Indirect 100% (2023: indirect 100%)	Retail sales of lingerie products, the PRC
深圳市好得物網絡科技有限公司 Shenzhen Haodewu Network Technology Co., Ltd.* ("**Haodewu**") (note (b))	The PRC	Registered: RMB1,000,000	N/A (2023: indirect 100%)	Provision of agency services, the PRC

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

Note:

(a) Hua Xin Si, Xin Xin, Haodewu, Guantianxia and HIZ are wholly-foreign owned enterprises established in the PRC.

(b) Disposed on 25 March 2024.

44. 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 71 to 72 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 2024 were 103,631,500 and at 31 March 2023 were 101,000,000, which represented 10% of the total number of share in issue of the Company.

45. SUBSEQUENT EVENT

On 29 May 2024, the Company entered into placing agreement and conditionally agreed to place through the placing agent up to 175,685,500 placing shares at the placing price of HK$0.1 per placing share to not less than six placees who and whose ultimate beneficial owners(s) shall be independent third parties. An aggregate of 41,832,500 placing shares have been successfully placed to not less than six individual placees at the pricing price of HK$0.1 per placing shares. The net proceeds from the placing after deduction of share issue expenses of approximately HK$0.2 million, was approximately HK$4.0 million. Please refer to the announcements of the Company dated 29 May 2024 and 24 June 2024 for details.

46. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 28 June 2024.

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

	Year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**41,173**	44,689	46,587	53,431	62,529
(Loss)/profit before tax	**(26,982)**	(34,660)	(18,669)	4,425	(46,839)
Income tax expense	**(179)**	(60)	(136)	(724)	–
(Loss)/profit for the year	**(27,161)**	(34,720)	(18,805)	3,701	(46,839)

ASSETS AND LIABILITIES

	As at 31 March				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**12,801**	30,398	28,617	30,330	38,386
Current assets	**46,579**	62,997	66,875	31,394	41,992
Current liabilities	**(66,867)**	(74,168)	(81,941)	(86,497)	(104,300)
Non-current liabilities	**(1,588)**	(6,015)	(6,948)	(3,904)	(8,364)
Net (liabilities)/assets	**(9,075)**	13,212	6,603	(28,677)	(32,286)
(Capital deficiency)/total equity	**(9,075)**	13,212	6,603	(28,677)	(32,286)