Artini Holdings Limited
雅天妮集團有限公司

(Incorporated in the Bermuda with limited liability)

Stock Code : 789

2021/22

Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tse Hoi Chau *(Chairman)*
Ms. Yu Zhonglian
Mr. Tse Kin Lung *(Chief Executive)*

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Ma Sai Yam

AUDIT COMMITTEE

Mr. Lau Fai Lawrence *(Chairman)*
Mr. Lau Yiu Kit
Mr. Ma Sai Yam

REMUNERATION COMMITTEE

Mr. Ma Sai Yam *(Chairman)*
Mr. Tse Hoi Chau
Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit

NOMINATION COMMITTEE

Mr. Lau Fai Lawrence *(Chairman)*
Mr. Tse Hoi Chau
Mr. Lau Yiu Kit
Mr. Ma Sai Yam

COMPANY SECRETARY

Ms. Ho Wing Yan *(ACG, HKACG (PE))*

AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau
Ms. Ho Wing Yan *(ACG, HKACG (PE))*

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Office 3, 17/F,
Shun Feng International Centre,
No.182 Queen's Road East,
Wan Chai, Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISERS

As to Bermuda law

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

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SHARE REGISTRARS

Principal share registrar and transfer office

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

Hong Kong branch share registrar and transfer office

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

LISTING EXCHANGE INFORMATION

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

789

COMPANY'S WEBSITE

www.artini.com.hk

Chairman's Statement

With innate artistic talent,
ARTINI
embraces artistic designs of
its products with the essence
of Chinese elegance:
A timeless classic
through assimilation
and white empties.

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Artini Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2022 (the "Year") to all shareholders of the Company (the "Shareholders").

RESULTS

During the Year, the Group recorded a total revenue of approximately HK$76,968,000 (2021: approximately HK$79,397,000). Gross profit was approximately HK$14,053,000 (2021: approximately HK$9,197,000) for the Year and loss for the Year amounted to approximately HK$22,377,000 (2021: a loss of approximately HK$26,621,000).

BUSINESS REVIEW

The Group mainly engaged in integrated fashion accessories platform business.

During the Year, the global and regional economies and political environment experienced a profound impact directly linked to the outbreak of COVID-19 (the "Pandemic"). Many countries adhered to the public health emergency measures and took actions to prevent the spread of the Pandemic. The flows of people and goods are affected, while inbound travel restrictions and "lockdown" policy were in effect. The operating business and logistics network of goods delivery of the Group were affected; and the sales orders and sales volumes of fashion accessories products in overseas market were also delayed and reduced. However, the Group remained steadfast in its strategic focus while concurrently executed aggressive and proactive reform initiatives so as to overcome sudden crisis and addressed related challenges in which to minimize the negative impact.

During the Year, the Group's fashion accessories business generated revenue of approximately HK$61,866,000 (2021: approximately HK$44,310,000), representing an increase of approximately 39.6% due to the fact that the (COVID-19) epidemic (the "Epidemic") was increasingly stabilized during the Year.

Owing to the persistent impact of the Pandemic, the Group had implemented proactive measures during the Year so as to minimize the negative impact of COVID-19, among other, the main measures are as follows:

1. The Group took proactive measures to control operating expenses and optimized the internal cost structure to reduce operating costs, including the control over staff costs and the closure of offline retail spots. The Group's administrative expenses for the Year decreased approximately 53.6% from approximately HK$19,439,000 in 2021 to approximately HK$9,015,000.

2. The extensive global footprint of the Group minimized the risk of excessive dependence on single market. During the Year, the Group zeroed in on adjusting its marketing direction, such as focusing on development of more fashion accessories products to meet the needs of China market, so as to avoid over-reliance on a single market.

3. During the Pandemic, the Group remained its own self-contained inventory, notwithstanding the suspension of work and operation from the suppliers, the operation of online and offline sales platforms could still be maintained.

4. The Group reinforced the youthful, artistic and fashionable image of "Artini", and accelerated the business transformation into a digitalized, Cloud-based and social media marketing online platform, so as to consolidate its competitiveness in the fashion accessories industry. The Group's selling and distribution expenses for the Year increased by approximately 120.9% from approximately HK$10,727,000 in 2021 to approximately HK$23,701,000, in order to increase market share by exploiting new customers and new markets.

PROSPECT

Despite the widespread impact of COVID-19, the Group is motivated by the substantial advantage resulted from its business development and business platform, and is confident with the increment in revenue owing to the overall strategic planning and containment of COVID-19 around the globe.

From the aspect of the fashion accessories online wholesales platform, the Group is proactively developing new product line – semi-precious stone jewellery product line, so as to reduce the impact of a change in climate and trends of the fashion accessories. By developing new product lines, the Group will achieve product diversification for suiting different consumer demands.

The Group will continue to focus on the brand image of "Artini", and the strategic development of third-party retail online platforms and social media marketing online platforms. With the rapid growth in the number of supporters, the Group will persist in maintaining and enhancing the brand image. Through relevant online channels to launch more fashion accessories products to meet the needs of consumers, in order to increase market share by exploiting new customers and new markets. The "Artini" brand will continue to upgrade its brand, to accelerate the pace of socialized marketing, and to zero in on product innovation, skills development and new product launch.

In addition, the Group is optimistic towards the China market. The Group believes, the internal demand will be the impetus of consumer demand and the overall economics under the "dual circulation" strategy introduced by the Chinese government. Subsequent to the increment of the disposable income per capita and the improvement of living standard in China, it is expected that Mainland China will sustain the momentum from consumption upgrade, whilst the consumers will increase their spending limits and incline towards the purchase of fashion accessories products with higher value. Therefore, the Group will allocate more resources to further expand the sales volumes in China.

The Group believes, from the long-term perspective, through prudent and effective capital and resources allocation, together with the omni-channel marketing in major markets, as well as online promotion and advertising activities, it will effectively improve the business performance of the Group. The Group will persist in assessing the current business strategies and will seek for suitable business opportunities, so as to create and explore new profit engines. It will then bring more stable development to the Group and ensure the interest of the shareholders of the Company.

After the global outbreak of the Epidemic in early 2020, a series of precautionary and control measures have been and continued to be implemented across China and other countries. Up to the date of this report, the Epidemic is still affecting the business and economic activity worldwide. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future but the estimate of its financial effect cannot be made as at the date of this report.

APPRECIATION

On behalf of the Board, I would like to express my most sincere gratitude to the Shareholders, customers, suppliers and other business partners for their continued support and trust. I would also like to express my appreciation to the Directors, management and staff for their diligence and contributions to the Group.

TSE HOI CHAU
Chairman

Hong Kong, 27 June 2022

Five-Year Financial Highlights

(All amounts in HK$ thousands unless otherwise stated)

	For the year ended 31 March				
	2022	2021	2020	2019	2018
Revenue	**76,968**	79,397	227,568	271,287	59,719
Gross profit	**14,053**	9,197	55,575	85,966	21,073
(Loss)/profit for the year	**(22,377)**	(26,621)	10,981	31,043	(145,039)
Non-current assets	**32,802**	36,574	35,112	34,907	34,858
Current assets	**130,696**	145,690	163,860	173,079	122,994
Current liabilities	**22,461**	21,345	37,063	49,472	25,604
Net current assets	**108,235**	124,345	126,797	123,607	97,390
Total assets less current liabilities	**141,037**	160,919	161,909	158,514	132,248
Total equity	**140,752**	158,173	161,904	158,500	132,180
Gross profit margin (%)	**18.3**	11.6	24.4	31.7	35.3
Net profit/(loss) margin (%)	**(29.1)**	(33.5)	4.8	11.4	(242.9)
Basic and diluted earnings/(loss) per share (HK$)	**(0.020)**	(0.024)	0.002	0.006	(0.026)
Current ratio (X)	**5.8**	6.8	4.4	3.5	4.8
Return on equity (%)	**(15.9)**	(16.8)	6.8	19.6	(109.7)
Return on assets (%)	**(13.7)**	(14.6)	5.5	14.9	(91.9)

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year amounted to approximately HK$76,968,000 (2021: approximately HK$79,397,000), representing a decrease of approximately 3.1% from that of 2021.

Gross profit

The Group's gross profit for the Year was approximately HK$14,053,000 (2021: approximately HK$9,197,000), representing an increase of approximately 52.8%. The Group's gross profit margin for the Year was approximately 18.3%, with the exclusion of the provision for inventories of approximately HK$4,006,000, the gross profit margin will be resulted in approximately 23.5%. The increase in the Group's gross profit during the Year was mainly due to (i) the fact that the Epidemic was increasingly stabilized; and (ii) no extra discounts was offered to customers.

Selling and distribution expenses

The Group's selling and distribution expenses for the Year was approximately HK$23,701,000 (2021: approximately HK$10,727,000), representing an increase of approximately 120.9%. The increase in the Group's selling and distribution expenses during the Year was mainly attributable to the increase in the distribution costs such as logistics and shipping costs and the marketing and promotion expenses for the Group's fashion accessories business during the Year.

Administrative expenses

The Group's administrative expenses for the Year was approximately HK$9,015,000 (2021: approximately HK$19,439,000), representing a decrease of approximately 53.6%. The decrease in the Group's administrative expenses was mainly attributable to the implementation of certain cost control measures during the Year.

Loss for the Year

As a result of the foregoing, the Group's loss for the Year was approximately HK$22,377,000 (2021: a loss of approximately HK$26,621,000).

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2021: Nil).

CAPITAL STRUCTURE

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

FOREIGN EXCHANGE EXPOSURE

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

CHARGES ON ASSETS

As at 31 March 2022 and 2021, the Group did not have any charges on its assets.

SIGNIFICANT INVESTMENTS

There was no significant investment held by the Group during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EMPLOYEES AND EMOLUMENTS

As at 31 March 2022, the Group had 27 employees (2021: 37), and the total staff cost including Directors' emoluments amounted to approximately HK$5,936,000 (2021: approximately HK$8,938,000). To enhance the expertise, product knowledge, marketing skills and overall operational management skills of its employees, the Group organised regular training and development courses for its employees, and provided them with a competitive remuneration package, including salary, allowance, insurance, commission and bonus. Meanwhile, in order to create a harmonious and family-like working atmosphere, the Group emphasises on communication with employees and continually developing paths for staff promotion. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group generally financed its operations with internally generated resources and its own working capital. As at 31 March 2022, the Group had cash and cash equivalents of approximately HK$35,758,000 (2021: approximately HK$18,901,000). As at 31 March 2022 and 2021, there was no undrawn general banking facilities available to the Group, and the Group did not have any outstanding borrowing. The Group monitors its capital structure on the basis of gearing ratio, which is calculated as total liabilities over total equity. The gearing ratio of the Group was approximately 16.2% as at 31 March 2022 (2021: approximately 15.2%).

CAPITAL COMMITMENTS

As at 31 March 2022 and 2021, the Group did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2022 and 2021, the Group had no significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, no material events happened subsequent to the Year and up to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The business operations and results of the Group were severely affected by the outbreak of COVID-19 pandemic, and the situation was beyond the control by the Group. The followings summarised the principal risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not presently known to the Group or are currently regarded as immaterial but may adversely affect the Group in future.

Stable customers order

During the Year, revenue generated from the top five customers of the integrated fashion accessories platform business accounted for approximately 61.7% of the total revenue of the segment. If the business relationship between the Group and any of the major customers deteriorates or any of these major customers reduces its purchases from the Group substantially, the business and results of operations of the Group may be adversely affected.

Most of the Group's revenue from the integrated fashion accessories platform business was generated from China and America, which accounted for approximately 97.2% of the total revenue of the segment for the Year. Should there be any material adverse change in the political, economic or social conditions in these two regions, the turnover and profitability of the Group's business may be adversely affected.

The Group had drastically repositioned from its original offline marketing mode to online sales platform, the uprise of emerging market indicated an abundance of business opportunities. The Group had also leveraged the three largest local markets in the three main regions, i.e. Mainland China region, North America region and Europe region, in order to broaden the customer base and geographical location, and constantly develop and promote new products to maintain its competitive advantage in the market.

In order to strengthen the business relationships with the major customers, the Group has entered into master purchase agreements with major customers, whereby the customers have made committed orders for the Group. In addition, the Group will put efforts to expand the overseas market and reach a broader geographical spread of customers to reduce reliance on specific regions and individual customer. The Group will also continue to review the competitive edges of the Group in the industry; closely monitor the market change to adjust its market focus; continue to implement global market strategy so as to reduce the reliance on single market; and keep track of the market trend so as to maintain the competitiveness of the Group.

Customers' satisfaction of the products' quality and delivery time

The Group has limited control over the operations of the suppliers, during the Pandemic, the work and production of suppliers were suspended by the government order. The suspension of work of the suppliers influenced the sales of products in stock, while the suspension of production extended the delivery time to the customers. Also, the delivery of products to the customers may be uncertain as it is largely dependent on the delivery time of the suppliers. Any shortage of supply of products or failure to meet the agreed delivery time or quality and standard of products by the suppliers will expose the Group to the risks.

Although the Group performs independent checks on the quality of the products ordered from the suppliers before on-selling and delivering to the customers, the Group cannot assure that the quality of products is up to the standard of the customers nor can it assure the expectation of product quality of customers would align with the Group's. Any failure to adhere to quality standards with respect to, the products provided by the suppliers could subject the Group to liability or damage of its reputation and reduce the demand for the products the Group sells.

The Group regularly reviews and assesses the Group's suppliers in terms of product quality, frequency of product shortage and delivery time, and increases the number of suppliers from different regions, so as to reduce the reliance on one independent supplier, and to ensure a stable product supply source. In order to stabilize the product supply, the Group has built a stable and reliable business relationship with the major suppliers, and has increased the self-contained inventory to lower the frequency of product shortage. The Group has also established a set of factory qualification assessment standard, which requires all suppliers to perform a qualification assessment periodically. If the Group identifies any suppliers with unsatisfactory qualification level, the cooperation with such suppliers will be terminated.

Direct interactions between the suppliers and customers

The Group provides quality and economic fashion accessories products to the customers and profits from the price difference between the unit price from the suppliers and the unit price to the customers. If customers order their desired fashion accessories products directly from the suppliers without going the Online Wholesale Platform, the integrated fashion accessories platform business of the Group may become obsolete and unsustainable, and the business, results of operations and financial condition of the Group may be adversely affected.

The Group does not provide brand name of the fashion accessories products or suppliers' information on its Online Wholesale Platform in order to avoid direct interaction between the suppliers and the customers. Through mass production, the self-contained inventory of the Online Wholesale Platform of the Group increases which resulted in favorable prices, through larger volume and lower priced products to attract new and existing customers to place orders, which can establish a mutual-trust and stable procurement relationship.

Fashion accessories are affected by trend, variance in styles and each region has a diversify demands for different styles. If failed to fulfill the customers' demands, the Group will risk losing clients. To emphasize that the Group is more than a mere middleman, the Group provides unique services to its customers through an online wholesale platform. The development and innovation of products have always been valued by the Group, where the Group's professional procurement team is responsible for selecting new products and guiding the suppliers to develop new products. The Group also stays close to the global fashion trend, so as to update the platform's products in a regular and timely manner. Hundreds of different styles of new products are launched each week to satisfy the needs of different customers. Additionally, to solidify and expand the Group's customer base, the Group will continue to improve and optimize the services provided on the Online Wholesale Platform with the aim to upgrade customers' shopping experiences.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

Customers

During the Year, the sales to the Group's five largest customers accounted for approximately 61.7% of the total revenue for the Year. These customers are wholesalers and trading companies engaging in sales of fashion accessories products to overseas markets. All relevant customers had business relationship with the Group for approximately 5 years, and the procurement relationship with the Group remained steadfast.

The Group continues to increase and maintain the collaboration with major customers, to attract new and old customers to procure on the Online Wholesale Platform by providing quality services, stable high standard products and advantageous prices. Certain customers has started to procure on the Online Wholesale Platform, and become the major customers of the integrated fashion accessory platform business. In addition, the platform's independent development online marketing system supports a large number of registered customers through forming an intelligent marketing mode by immediately forwarding all kinds of promotions and sales activities notifications to customers. Apart from regular customers, the Group has also increased social media and customers' engagement and interaction, to maintain and develop new customers base through online marketing on different channels, such as posting online advertisements on different search engines. Collaborations with professional promotional companies have also been established to issue online or offline promotions about the online wholesale platform, in order to attract new customers.

In order to strengthen the business relationship with the major customers, the Group has entered into master purchase agreements with a number of major customers, whereby these customers have made committed orders for the Group. The Group normally offers them a credit term of 30 days and the best available discounts on the Online Wholesale Platform. Details of the trade receivables of the Group as at 31 March 2022 are set out in note 21 to the consolidated financial statements. As at the date of this report, over 42% of the trade receivables of the Group as at 31 March 2022 had been settled. During the Year, the Group has not experienced any major disruption of business due to material delay or default of payment by its customers due to their financial difficulties. The Group did not have any material dispute with its customers.

Suppliers

During the Year, the purchases from the Group's five largest suppliers accounted for approximately 76% of the total purchase for the Year. These suppliers are fashion accessories manufacturers and all of them are based in the PRC, and had business relationship with the Group for approximately 5 years on average.

In order to establish stable and reliable business relationships with the major suppliers and secure stable supplies of goods, the Group has entered into long-term framework agreements with its major suppliers where the suppliers would make commitment on the minimum amount of goods to be made available to the Group. The Group offer short settlement time to these suppliers which is normally within 30 days and in return, the suppliers often offer discounts to the wide variety of products. Details of the trade payables of the Group as at 31 March 2022 are set out in note 23 to the consolidated financial statements. As at the date of this report, over 95% of the trade payables of the Group as at 31 March 2022 had been settled. During the Year, the Group did not have any significant disputes with its suppliers.

Employees

The Group recognises employees as valuable assets of the Group. The Group strictly complies with the labour laws and regulations of the regions it operates and review regularly the existing staff benefits for improvement. The Group has been motivating the employees by providing reasonable remuneration package and implementing an annual appraisal system to provide opportunities for career development within the Group. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as the medical insurance, annual dinner, staff discounts on purchasing the Group's products. In addition, each department of the Group is responsible for determining its training needs for employees in its department to ensure that all employees can fulfill and enhance the relevant job qualifications in terms of education, technical and work experience.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

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

NET PROCEEDS FROM PLACING IN 2017

On 26 January 2017, the Company entered into a placing agreement with China Investment Securities International Brokerage Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 510,000,000 placing shares to placees at a price of HK$0.08 per placing share (the "Placing"), raising gross proceeds and net proceeds of approximately HK$40.8 million and HK$39.7 million respectively.

The net price for each placing share was approximately HK$0.078. The closing price per ordinary share as quoted on the Stock Exchange on 26 January 2017, being the date of the placing agreement was HK$0.099.

The Board considered that the Placing would expand the Group's talent pool and capabilities to develop software applications and mobile gaming applications with in-app purchases that would reinforce the Group's e-commerce sales.

As stated in the announcement dated 26 January 2017, net proceeds from the Placing of approximately HK$27.8 million intended to be used for development of such software applications and/or mobile gaming applications, and/or acquire related technological company(ies), and approximately HK$11.9 million would be used as marketing and promotion for the mobile gaming applications.

On 16 February 2017, the conditions of the Placing have been fulfilled. A total of 510,000,000 placing shares have been successfully placed to not less than six placees at the price of HK$0.08 per placing share.

Details of the Placing has been set out in the announcements of the Company dated 26 January 2017 and 16 February 2017.

The below table sets out the use of net proceeds from Placing.

Use of proceeds from Placing	Intended use of net proceeds from Placing (Approximate)	Revised use of net proceeds from Placing (Approximate)	Utilised net proceeds from Placing up to 31 March 2021 (Approximate)	Unutilised net proceeds from Placing as at 31 March 2021 (Approximate)	Utilised net proceeds from Placing for the Year (Approximate)	Unutilised net proceeds from Placing as at 31 March 2022 (Approximate)	Expected timeline for unutilised net proceeds from Placing
Development of software applications and/or mobile gaming applications, and/or acquire related technological company(ies)	HK$27.8 million	–	–	–	–	–	–
Marketing and promotion for the mobile gaming applications	HK$11.9 million	–	–	–	–	–	–
Development of self-operated online platform	–	HK$11.9 million	HK$4.7 million	HK$7.2 million	HK$7.2 million	HK$Nil	By 2022
Enhancement of brand recognition and awareness	–	HK$11.9 million	HK$7.5 million	HK$4.4 million	HK$4.4 million	HK$Nil	By 2022
General corporate purposes and working capital	–	HK$15.9 million	HK$13.8 million	HK$2.1 million	HK$2.1 million	HK$Nil	By 2022

In order to better utilise the resources on hand, and taking into account the global outbreak of the Epidemic in early 2020 and its continuous impact on the Group, on 18 June 2020, the Board resolved to change the proposed use of net proceeds.

In future, the Group's self-operated online wholesale platform will continue to be its main focus of development. In view of this, the Board has resolved to allocate part of the net proceeds, being approximately HK$11.9 million for the development of the self-operated online wholesale platform, which include but not limited to the broadening of existing customer base and products variety, and further enhancement of the platform system and technology upgrade.

On the other hand, the Group considers the "ARTINI" brand has accumulated a significant intrinsic value over the years and is a valuable asset of the Group. As such, the Board has resolved to allocate approximately HK$11.9 million for the enhancement of the brand recognition and awareness, such as the strengthening of the Group's interior design team and the implementation of various marketing and promotion activities. The Board considered that developing brand name and its products is one of the key factors in improving the Group's business performance.

In the long run, the Group believes that by allocating capital and resources more deliberately and effectively and by rebuilding the brand "ARTINI", the Group is able to re-establish its leading position in the fashion accessories industry.

Furthermore, in view of the global outbreak of Epidemic, the Group's fashion accessories business may be adversely affected, the Board resolved to allocate net proceeds of approximately HK$15.9 million for "general corporate purposes and working capital" for the daily business operations and to cope with the economic uncertainty in the future.

Save as disclosed above, there was no other changes in the use of the proceeds from Placing. The Board considers that such change of the use of proceeds will not have any material adverse impact on the Group's current financial position. The Board also considers that such arrangement was in line with the businesses development of the Group in view of the then economic and market condition and is in the interests of the Company and the shareholders of the Company as a whole.

DIRECTORS

Executive Directors

Mr. TSE Hoi Chau ("Mr. Tse"), aged 56, was appointed as the chairman of the Board (the "Chairman"), an executive Director and a member of the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company on 10 December 2012 and was further appointed as chief executive of the Company (the "Chief Executive") on 21 June 2013 and then resigned as the Chief Executive on 8 August 2019. He is also one of the authorized representatives of the Company under Rule 3.05 of the Listing Rules. He possesses more than 20 years' experience in the fashion ornament and jewellery wholesale industry. He is the deputy-chairman of Guangdong Province Fashion Jewelry and Accessories Association, the deputy-chairman and the consultant of the Gems & Jewellery Trade Association of China, and a life honorary president of Hong Kong Island Chaoren Association Limited. Mr. Tse is the spouse of Ms. Yu Zhonglian, an executive Director and the father of Mr. Tse Kin Lung, an executive Director and the Chief Executive.

Ms. YU Zhonglian ("Ms. Yu"), aged 55, was appointed as an executive Director on 1 February 2017 and is responsible for the Group's marketing operations and human resources management. Ms. Yu has more than 10 years' experience in retail and wholesale business. Leveraging on her fashion jewellery trading experience, the Board believes Ms. Yu can provide valuable advice on the direction of the Group's new product and marketing strategy. Ms. Yu is the spouse of Mr. Tse Hoi Chau, an executive Director and the Chairman and the mother of Mr. Tse Kin Lung, an executive Director and the Chief Executive.

Mr. TSE Kin Lung ("Mr. Jeff Tse"), aged 31, was appointed as the Chief Executive and an executive Director on 8 August 2019 and 27 August 2019, respectively. Mr. Jeff Tse graduated from the University of York in the United Kingdom with a bachelor's degree of engineering. From July 2016 to July 2017, he served as an analyst of the Corporate Finance Department of China Investment Securities (Hong Kong) Financial Holdings Limited who was mainly responsible for the initial origination and execution process of projects. Afterwards, he served as the project director of the Financial Supporting Service Department of Tencent Technology (Shenzhen) Company Limited who was responsible for the Tencent payment platform and the financial application from December 2017 to July 2019. Mr. Jeff Tse is the son of Mr. Tse Hoi Chau, an executive Director and the Chairman and Ms. Yu Zhonglian, an executive Director. Mr. Jeff Tse is currently a director of certain subsidiaries of the Company, namely, Artini International Company Limited, Q'ggle Biotech Development Limited, Artini Sales Company Limited, China Regent Investments Limited, Gentleman Investments Limited, Gain Trade Enterprise Limited, Magic B2B Limited and Primeview Technology Limited.

Independent Non-executive Directors

Mr. LAU Fai Lawrence ("Mr. Lawrence Lau"), aged 50, was appointed as an independent non-executive Director on 23 April 2008. He is also the chairman of the audit committee of the Company (the "Audit Committee") and the Nomination Committee and a member of the Remuneration Committee. Mr. Lawrence Lau has extensive experience in accounting, corporate finance and auditing. He is a practising certified public accountant in Hong Kong and is currently the company secretary of BBMG Corporation (Stock Code: 2009) which is listed on the main board of the Stock Exchange. Before joining BBMG Corporation, he was the Group Financial Controller of Founder Holdings Limited (Stock Code: 418) and Peking University Resources (Holdings) Company Limited (Stock Code: 618), both of which are listed on the main board of the Stock Exchange. Mr. Lawrence Lau has previously worked in Price Waterhouse Company Limited (now known as PricewaterhouseCoopers) as an accountant from 1994 to 1998. Mr. Lawrence Lau is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lawrence Lau graduated from The University of Hong Kong with a bachelor's degree in Business Administration and obtained a Master of Corporate Finance degree from the Hong Kong Polytechnic University. Mr. Lawrence Lau has also been an executive director of Future World Financial Holdings Limited (Stock Code: 572) since January 2014, an independent non-executive director of Titan Petrochemicals Group Limited (Stock Code: 1192) since March 2014, an independent non-executive director of Renco Holdings Group Limited (formerly known as HKBridge Financial Holdings Limited) (Stock Code: 2323) since March 2016, an independent non-executive director of Tenwow International Holdings Limited (Stock Code: 1219) from November 2018 to 1 March 2021, a non-executive director of Alltronics Holdings Limited (Stock Code: 833) from March 2017 to December 2018, and an independent non-executive director of Winto Group (Holdings) Limited (Stock Code: 8238) from April 2019 to November 2019, an independent non-executive Director of Sinopharm Tech holdings Limited (Stock Code: 8156) since January 2020, and an independent non-executive Director of China Energine International (Holdings) Limited (Stock Code: 1185) since 18 March 2020, all of which are listed on the Stock Exchange.

Mr. LAU Yiu Kit ("Mr. Albert Lau"), aged 62, was appointed as independent non-executive Director on 1 December 2010. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Albert Lau is the sole proprietor and founder of Albert Y.K. Lau & Co., Certified Public Accountants. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales and the Taxation Institute of Hong Kong. Mr. Albert Lau was appointed on 23 March 2015 as independent non-executive director of Titan Petrochemicals Group Limited (which is listed on the main board of the Stock Exchange) and resigned from that position on 30 September 2015. He was also appointed as independent non-executive director of FDB Holdings Limited (Stock Code: 1826) from September 2015 to January 2018, which listing was transferred from the Growth Enterprise Market (now known as GEM) to the main board of the Stock Exchange in July 2017, and resigned from that position on 12 January 2018.

Mr. Ma Sai Yam ("Mr. Ma"), aged 58, was appointed as an independent non-executive Director on 13 February 2020. Mr. Ma is also as the chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee. Mr. Ma graduated from the University of London in the United Kingdom as an external student in August 1991 with a Bachelor's science degree in Economics. Mr. Ma subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 1995 and a Master degree in laws from Renmin University of China in the PRC in January 2012. Mr. Ma is a practicing solicitor in Hong Kong and has accumulated over 20 years of experience in the legal field. Mr. Ma was admitted to practice law as a solicitor in Hong Kong in September 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma has been a partner and a practicing solicitor of Ma Tang & Co., since March 2002. Prior to his current position, Mr. Ma served as a consultant and a practicing solicitor of Tang, Lai & Leung from June 2000 to March 2002. From May 2015 to May 2022, Mr. Ma has been an independent non-executive director of Golden Power Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 3919) and transferred from GEM of the Stock Exchange (Stock Code: 8038) on 10 November 2017. Since October 2016, he has also been an independent non-executive director of Jiande International Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 865).

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company has complied with all the provisions in the CG Code during the year ended 31 March 2022.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the year ended 31 March 2022.

BOARD OF DIRECTORS

Composition

As at 31 March 2022, the Board comprised four executive Directors and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2022 and up to the date of this report are as follows:

Executive Directors

Mr. Tse Hoi Chau *(Chairman)*
Ms. Yu Zhonglian
Mr. Tse Kin Lung *(Chief Executive)*

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Ma Sai Yam

The biographical details of all current Directors are set out on pages 17 to 19 of this annual report. Save as disclosed in this annual report, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board.

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

FUNCTIONS OF THE BOARD

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

BOARD MEETINGS AND BOARD PRACTICES

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

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

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

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

(1) reviewed the existing policies and practices on corporate governance;

(2) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(3) reviewed the effectiveness of the internal control system;

(4) reviewed compliance with the CG Code and disclosure in the Corporate Governance Report; and

(5) reviewed and monitored the continuous professional development and training of the Directors.

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

Name of the Directors	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Mr. Tse Hoi Chau	4/4	1/1
Ms. Yu Zhonglian	4/4	1/1
Mr. Tse Kin Lung	4/4	1/1
Independent Non-executive Directors		
Mr. Lau Fai Lawrence	4/4	1/1
Mr. Lau Yiu Kit	4/4	1/1
Mr. Ma Sai Yam	4/4	1/1

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

CHAIRMAN AND CHIEF EXECUTIVE

The positions of the Chairman and the Chief Executive were held by separate individuals, with Mr. Tse Hoi Chau being the Chairman and Mr. Tse Kin Lung being the Chief Executive. The Chairman is responsible for ensuring that the Board is functioning properly with good corporate governance practices and procedures. He also steers the Board and the Company towards corporate goals. The Chief Executive is responsible for effective implementation of the overall strategies and initiatives adopted by the Board. With the support of the Chief Executive and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a term of three years. Their terms of appointment shall be subject to the rotational retirement provision of the Bye-laws.

DELEGATION OF POWERS

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

Directors	Training organised by professional organizations	Updating on new rules and regulations
Executive Directors		
Mr. Tse Hoi Chau	√	√
Ms. Yu Zhonglian	√	√
Mr. Tse Kin Lung	√	√
Independent Non-executive Directors		
Mr. Lau Fai Lawrence	√	√
Mr. Lau Yiu Kit	√	√
Mr. Ma Sai Yam	√	√

AUDIT COMMITTEE

Composition

The Audit Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. The updated terms of reference of the Audit Committee were adopted on 27 November 2018. As at 31 March 2022, the Audit Committee comprised three members, all being independent non-executive Directors, namely Mr. Lau Fai Lawrence (Chairman), Mr. Lau Yiu Kit and Mr. Ma Sai Yam.

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

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

Name of the Members	Members' Attendance
Mr. Lau Fai Lawrence (Chairman)	3/3
Mr. Lau Yiu Kit	3/3
Mr. Ma Sai Yam	3/3

During the Year, the Audit Committee has held meetings with the Company's auditor to discuss the auditing, risk management, internal control systems, the effectiveness of the internal audit function and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the Year and the interim financial report for the six months ended 30 September 2021, including the accounting principles and practice adopted by the Group.

REMUNERATION COMMITTEE

Composition

The Remuneration Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2022, the Remuneration Committee comprised four members, namely Mr. Ma Sai Yam (Chairman), Mr. Tse Hoi Chau, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, the majority of which are independent non-executive Directors except for Mr. Tse Hoi Chau, an executive Director.

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

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

Name of the Members	Members' Attendance
Mr. Ma Sai Yam (Chairman)	1/1
Mr. Tse Hoi Chau	1/1
Mr. Lau Fai Lawrence	1/1
Mr. Lau Yiu Kit	1/1

For the year ended 31 March 2022, the Remuneration Committee reviewed the remuneration packages of all Directors and senior management.

Remuneration Policy for Directors and Senior Management

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

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

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

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

NOMINATION COMMITTEE

Composition

The Nomination Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2022, the Nomination Committee comprised four members, namely Mr. Lau Fai Lawrence (Chairman), Mr. Tse Hoi Chau, Mr. Lau Yiu Kit and Mr. Ma Sai Yam, the majority of which are independent non-executive Directors except for Mr. Tse Hoi Chau, an executive Director.

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

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

Name of the Members	Members' Attendance
Mr. Lau Fai Lawrence (Chairman)	1/1
Mr. Tse Hoi Chau	1/1
Mr. Lau Yiu Kit	1/1
Mr. Ma Sai Yam	1/1

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

Nomination Policy

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

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

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

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the Shareholders;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

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

Board Diversity Policy

The Nomination Committee adopted a Board diversity policy (the "Board Diversity Policy") pursuant to Appendix 14 of the Listing Rules. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Financial Statements

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

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

Auditor's Remuneration

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

Type of Services	HK$
Audit services	700,000
Non-audit services *(Note)*	30,000
	730,000

Note: Non-audit services include the agreed-upon procedures with respect to the preliminary announcement of the result of the Company.

DIVIDEND POLICY

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

INVESTORS AND SHAREHOLDERS RELATIONS

The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders and investors. The Board also recognises that effective communication with investors is the key to establish investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors and the Shareholders receive accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all documents on the Company's website at www.artini.com.hk. The Board continues to maintain regular dialogues with institutional investors and analysts to keep them informed of the Group's strategy, operations, management and plans. The Directors and the committee members are available to answer questions at annual general meetings. Separate resolutions would be proposed at general meetings on each substantially separate issue.

The Group strongly believes that investor relations are important to a listed company. Maintaining relationships with investors and keeping them abreast of the latest corporate information and business development in a timely manner would enhance the transparency and corporate governance of the Group, thus strengthening its corporate position. Our investor relationship representatives will more actively participate in various investor-related activities.

There was no significant change in the Company's constitutional documents during the Year.

Shareholders' Right

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

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

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

Pursuant to Bye-law 58 of the Bye-laws, Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's principal place of business in Hong Kong at Office 3, 17/F, Shun Feng International Centre, No.182 Queen's Road East, Wan Chai, Hong Kong and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at a general meeting; or (b) are not less than one hundred Shareholders. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's principal place of business in Hong Kong at Office 3, 17/F, Shun Feng International Centre, No.182 Queen's Road East, Wan Chai, Hong Kong.

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

COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, Ms. Ho Wing Yan ("Ms. Ho"), who was appointed as the Company Secretary. Mr. Tse Kin Lung, the executive Director and the Chief Executive, is the primary corporate contact person of the Company with Ms. Ho.

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

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

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

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

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

PRINCIPAL PLACE OF BUSINESS

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong and its principal place of business is Office 3, 17/F, Shun Feng International Centre, No.182 Queen's Road East, Wan Chai, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the principal subsidiaries of the Company are set out in note 32 to the consolidated financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the Year are set out in note 6 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 61.7% (2021: approximately 65.8%) of the total sales for the Year. Purchases from the Group's five largest suppliers accounted for approximately 76% (2021: approximately 64.5%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 26.8% (2021: approximately 26.3%) of the total sales and the Group's largest supplier accounted for approximately 28.6% (2021: approximately 21.1%) of the total purchases for the Year.

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

BUSINESS REVIEW

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

RESULTS AND APPROPRIATIONS

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

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out on page 67 and the note 29 to the consolidated financial statements respectively.

CHARITABLE DONATIONS

The Group did not make charitable donation during the Year (2021: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 25 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Tse Hoi Chau *(Chairman)*
Ms. Yu Zhonglian
Mr. Tse Kin Lung *(Chief Executive)*

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Ma Sai Yam

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

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

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

As at 31 March 2022, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Long positions in the Shares

Names of Directors	Number of issued ordinary Shares held			Interest in underlying Shares pursuant to share options *(Note 1)*			
	Beneficial Owner	Interest of family	Interest in a controlled corporation	Beneficial Owner	Interest of family	Total	Approximate percentage of the issued Shares as at 31 March 2022
Mr. Tse Hoi Chau ("Mr. Tse")	2,964,800	–	705,053,597 *(Note 2)*	11,000,000	11,000,000 *(Note 3)*	730,018,397	66.13%
Ms. Yu Zhonglian ("Ms. Yu")	–	2,964,800 *(Note 4)*	705,053,597 *(Note 2)*	11,000,000	11,000,000 *(Note 4)*	730,018,397	66.13%
Mr. Tse Kin Lung	–	–	–	11,000,000	–	11,000,000	1.00%

Notes:

1. These share options were granted by the Company on 15 July 2020 under the share option scheme adopted by the Company on 26 August 2019.

2. There shares are held by Walifax Investments Limited which is wholly and beneficially owned by Mr. Tse. As Ms. Yu is the spouse of Mr. Tse, Ms. Yu is deemed to be interested in all the Shares held by Mr. Tse (through Walifax Investments Limited) by virtue of the SFO.

3. The interest is held by Ms. Yu. As Mr. Tse is the spouse of Ms. Yu, Mr. Tse is deemed to be interested in all the Shares held by Ms. Yu by virtue of the SFO.

4. The interest is held by Mr. Tse. As Ms. Yu is the spouse of Mr. Tse, Ms. Yu is deemed to be interested in all the Shares held by Mr. Tse by virtue of the SFO.

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

DIRECTORS' RIGHT TO ACQUIRE SHARES

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

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

As at 31 March 2022, to the best knowledge of the Directors, the following person (other than a Director and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued Shares as at 31 March 2022
Walifax Investment Limited *(Note)*	Beneficial interest	705,053,597	63.87%

Note: Walifax Investment Limited is wholly and beneficially owned by Mr. Tse Hoi Chau, its sole director.

Save as disclosed above, as at 31 March 2022, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interest or short positions in the shares or underlying shares of the Company which are required to be notified 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 of interests required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENT

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

2008 SHARE OPTION SCHEME

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

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

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

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

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

(i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

(ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of the shares.

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

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

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

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

2019 SHARE OPTION SCHEME

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

Participants under the 2019 Share Option Scheme included Directors and employees of the Group, suppliers, customers, advisors, consultants or any shareholder of any member of the Group or any holder of any securities issued by any member of the Group.

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

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

(i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day;

(ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option. An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the 2019 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

The initial total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2019 Share Option Scheme and any other share option scheme of the Group) to be granted under the 2019 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the day on which the 2019 Share Option Scheme is approved (the "General Scheme Limit"). The total number of securities available for issue under the 2019 Share Option Scheme is 110,396,812, representing approximately 10% of the issued shares of the Company as at the date of this report.

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

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the 2019 Share Option Scheme for the holding of an option before any options granted under the 2019 Share Option Scheme can be exercised.

The 2019 Share Option Scheme shall be valid and effective for a period of ten years commencing from its date of adoption on 26 August 2019 and expiring on 26 August 2029. The remaining life of the Share Option Scheme is 7 years.

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

Name of the grantees	Date of grant	Number of share options Outstanding as at 1 April 2021	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding as at 31 March 2022	Validity period of the share options	Adjusted exercise price (HK$) *(Note 1)*	
Directors										
Mr. Tse Hoi Chau	15 July 2020	11,000,000	–	–	–	–	11,000,000	15 July 2020 – 14 July 2023	0.197	
Ms. Yu Zhonglian	15 July 2020	11,000,000	–	–	–	–	11,000,000	15 July 2020 – 14 July 2023	0.197	
Mr. Tse Kin Lung	15 July 2020	11,000,000	–	–	–	–	11,000,000	15 July 2020 – 14 July 2023	0.197	
Other Participants										
Employees	15 July 2020	6,200,000	–	–	–	–	6,200,000	15 July 2020 – 14 July 2023	0.197	
Consultants	15 July 2020	71,000,000	–	–	–	–	71,000,000	15 July 2020 – 14 July 2023	0.197	*(Note 2)*
		110,200,000	–	–	–	–	110,200,000			

Notes:

(1) Upon acceptance of the share options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees.

(2) These 71,000,000 outstanding share options are held by ten consultants of the Company (the "Consultants") respectively. The backgrounds of the Consultants are as follows:

Consultants A, B and C

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

Consultant D

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

Consultant E

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

Consultant F

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

Consultant G

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

Consultant H

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

Consultant I

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

Consultant J

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Lock-up undertaking

As at the date of this report, Walifax Investment Limited is the beneficial owner holding 705,053,597 shares of the Company, representing approximately 63.87% of the entire issued capital of the Company. Mr. Tse Hoi Chau ("Mr. Tse"), an executive Director and the chairman of the Board, is the sole beneficial owner of Walifax and is deemed to be interested in the 705,053,597 shares of the Company held by Walifax, and each of Walifax and Mr. Tse is a controlling shareholder (as defined under the Listing Rules) of the Company.

In order to demonstrate his vote of confidence to the Group and the prospect of the integrated fashion accessories platform business, Mr. Tse has indicated to the Board that he is willing to, and will procure Walifax to, enter into a voluntary lock-up undertaking before the Resumption that, among other things, except with the prior approval from the Stock Exchange, he or it shall not, at any time during the 36 months from the date of Resumption, dispose of any of the shares or securities of the Company, if immediately following such disposal they would cease to be interested in 50% or more of the entire issued share capital of the Company.

Save as disclosed herein, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and a connected entity of a Director had a material interest, subsisted at the end of the Year or at any time during the Year.

INDEMNITY OF DIRECTORS

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

FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 8 of this annual report.

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFIT SCHEMES

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

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 March 2021 and 31 March 2022, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 March 2021 and 31 March 2022.

For each of the two years ended 31 March 2021 and 31 March 2022, the Group did not have any defined benefit plan.

Particulars of employee retirement benefit schemes of the Group are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

The Company does not have any distributable reserve in accordance with the provisions of the Bermuda Companies Act 1981 as at 31 March 2022 (2021: Nil).

Details of the distributable reserve are set out in note 29 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

TAX RELIEF AND EXEMPTION

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

CORPORATE GOVERNANCE

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

AUDITOR

The consolidated financial statements for the years ended 31 March 2018, 2019, 2020, 2021 and 2022 were audited by BDO Limited ("BDO").

BDO will retire at the AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO as auditor of the Company will be proposed at the AGM.

By order of the Board

TSE HOI CHAU
Chairman

Hong Kong, 27 June 2022

ABOUT THE REPORT

Overview

This report published by Artini Holdings Limited (the "Company") is our annual Environmental, Social and Governance Report (the "Report" or "ESG Report") for the year ended 31 March 2022 in relation to the Company and its subsidiaries (collectively, the "Group", "We" or "us"), which provides an overview of the Group's approach, policy and performance on sustainable development.

About Artini

The Group's main business during the Reporting Period is fashion accessories businesses.

The Group used to focus on concurrent design manufacturing business and retail and distribution business in the past. Due to the change in business environments and shopping habits of customers in the People's Republic of China (the "PRC"), the Group revitalised its fashion accessories business and developed a new business model of integrated fashion accessories platform business, which combines online and offline sales channels, reaching out to the widest range of customers. Magic B2B online platform (the "Online Platform"), being the major sales channel of the revitalised fashion accessories business, is a highly vertical global B2B e-commerce platform which focuses on fashion accessories industry. It devotes to provide one-stop B2B online purchase experiences of global fashion accessories to customers around the world. As at 31 March 2022, the Online Platform has over 270,000 registered members spreading over more than 200 countries and regions globally.

Apart from Online Platform, the Group has also maintained the traditional wholesale trading, through online and offline channels to serve the wholesale trading customers in the PRC and overseas. In addition, the Group expects the fashion accessories markets' development in the PRC will turn towards branding, segmentation and e-commercialization, which focus on third-party retail online platforms such as Tmall (天貓) and Vipshop (唯品會), etc., to forge a young and affordable luxury brand image of Artini. Besides, we have cooperated with the key opinion leaders and fashion bloggers on XiaoHongShu (小紅書), and have leveraged their infectant power to assist in brand promotion, while they have hosted promotional activities such as live stream marketing for the Artini Tmall flagship store.

The Group's ESG governance structure

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

Reporting period and scope

The reporting period of this Report covers the period from 1 April 2021 to 31 March 2022 (the "Reporting Period"). Unless otherwise stated, the reporting scope covers fashion accessories businesses in the Group's principal place of business, including the Mainland China and Hong Kong.

Reporting basis

For the preparation of the Report, we compiled the Report pursuant to the Environmental, Social and Governance Reporting Guide (the "ESG Guide") under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Certain key performance indicators ("KPIs") which is considered as material by the Group are disclosed in the Report during the Reporting Period. The Group will continue to optimise and improve the disclosure of KPIs. For details of the Group's corporate governance, please refer to the section headed "Corporate Governance Report" on pages 20 to 30 of the Group's annual report.

Application of the reporting principles

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

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

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

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

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

Endorsement and approval

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

Your Feedback

We believe that, sincerely listening to and understanding the comments and needs of all stakeholders is critical to the continual growth of our business. If you have any comment and advice regarding the Report and our performance on sustainable development, please email to info@artini.com.hk.

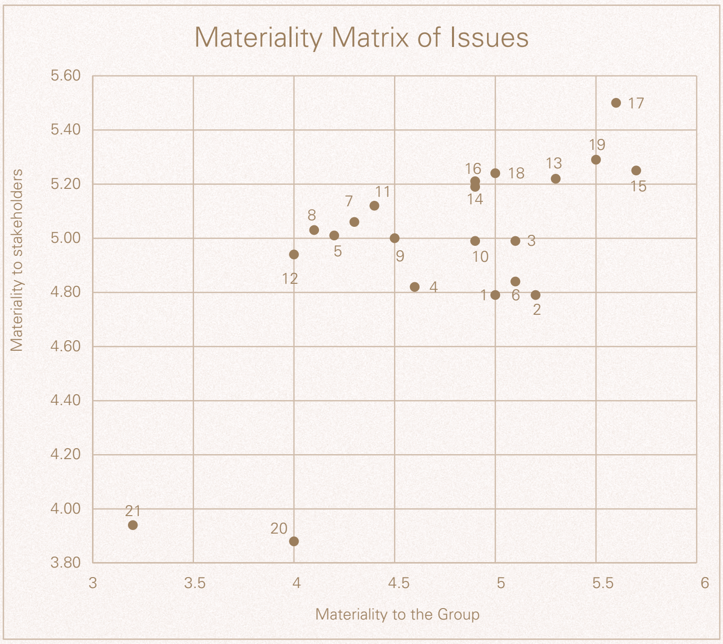
SUSTAINABLE DEVELOPMENT VISION AND STAKEHOLDER ENGAGEMENT

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

We consider our staff, Shareholders, investors, customers, suppliers, business partners, government bodies and the community as key stakeholders of the Group. We believe that, comments from stakeholders on different sectors are the solid base for formulating sustainable development strategies of the Group. In order to grasp the valuable opinions of our stakeholders, we establish and maintain mutual trust and respect with our stakeholders through diversified and continuous official and unofficial communication channels, such as daily meetings, shareholder meetings, company website, site visits and emails.

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

In addition to daily communication, in past years, we had conducted a stakeholder opinion survey in the form of a questionnaire to collect comments of our stakeholders and evaluate their most concerned environmental, social and governance issues. The following is the results of the analysis of the stakeholder opinion survey:



ISSUE NO.

Quality of Working Environment	Environmental Protection and Green Operations	Operating Practices
1. Diversity and Equal Opportunity	7. Greenhouse Gas Emissions	13. Supplier Management
2. Employment Relationships	8. Air Emissions	14. Supplier Environmental and Social Performance Assessments
3. Occupational Safety and Health	9. Saving electricity and water	15. Integrity
4. Training and Development	10. Use of Resources	16. Disaster Emergency Plan
5. Child Labour and Forced Labour Prevention	11. Wastes Handling	
6. Staff Benefits	12. Green Procurement	

Business Operations	Community Contribution
17. Quality of Services	20. Participating in Voluntary Activities
18. Complaint Handling	21. Charitable Donations
19. Privacy Protection	

ENVIRONMENTAL

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

We are committed to complying with laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste. During the Reporting Period, the Group has not noticed any complaints or cases involving serious violations of relevant environmental protection laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Air Pollution Control Ordinance of Hong Kong.

Emissions and Use of Resources

Environmental Targets

To better manage the Group's material topics and its performance on those aspects, the Group has set some directional targets for the financial year ended 31 March 2025 ("2025"), which would be a three-year target plan.

The table below summarises the Group's sustainability targets for 2025. The Group will continue to review the progress of the set targets every reporting period prior to 2025, and will continue to work for the targets set.

Environmental Targets Setting		**Status**
Emissions	• Reduce GHG emissions intensities by 2% in 2025 compared to the financial year ended 31 March 2022	In progress
Waste Management	• Reduce waste intensity by 2% in 2025 compared to the financial year ended 31 March 2022	In progress
Energy Consumption	• Reduce electricity and gasoline intensities by 2% in 2025 compared to the financial year ended 31 March 2022	In progress
Water Consumption	• Reduce water consumption intensity by 2% in 2025 compared to the financial year ended 31 March 2022	In progress

Green Operations

Our emissions are mainly derived from the daily operations of our offices, including greenhouse gas emissions from externally-purchased electricity, such as lighting, office equipment and other miscellaneous items, as well as general office waste. In addition to complying with relevant environmental protection laws and regulations, we also actively promote green operations and implement various environmental protection measures in our offices to enhance staff's environmental protection awareness. The main environmental protection measures we have implemented in our offices include:

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

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

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

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

Key Environmental Data[1]

	2022	2021	Units
Greenhouse Gas Emissions			
Greenhouse gas emissions in total	**53.29**	54.13	tonnes CO_2 equivalent
Indirect emissions (Scope 2)	**53.29**	54.13	tonnes CO_2 equivalent
Greenhouse gas emissions intensity	**0.07**	0.07	tonnes CO_2 equivalent/m^2
Non-Hazardous Waste			
Total non-hazardous waste generated	**0.88**	0.90	tonnes
Other general refuse	**0.88**	0.90	tonnes
Non-hazardous waste intensity generated	**1.07**	1.09	kg/m^2
Electronic Waste			
Total electronic waste generated	**0.01**	0.01	tonnes
Energy Consumption			
Energy consumption in total	**64,300**	64,700.00	kWh
Purchased electricity	**64,300**	64,700.00	kWh
Energy consumption intensity	**78.37**	78.86	kWh/m^2
Water Consumption[2]			
Water consumption in total	**766.12**	773.86	m^3
Water consumption intensity	**0.93**	0.94	m^3/m^2

Note: The packaging materials provided for the preservation of the Group's fashion accessories products are considered as part of the final products, and therefore not accounted for in the Report. Other than that, the Group did not produce any significant hazardous waste and packaging materials during the Reporting Period.

1 The Group did not collect the data of fuel consumption and mileage of its motor vehicles during the Reporting Period, the environmental data therefore do not disclose the complete data of air emissions and greenhouse gas emissions (Scope 1).

2 Water supply of the Group's offices in Hong Kong is controlled by the property management parties. Since the management parties were unable to provide water usage data or sub-meter to individual tenants, water usage data for those offices in Hong Kong was not available to be included in the Report.

Use of Water

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

Waste management

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

General waste

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

– Advocating the idea of 'paperless' office and encouraging our staff to use electronic communications when feasible;

– Encouraging duplex printing and the reuse of single-sided paper as draft paper;

– Monitoring the consumption of office supplies for possible wastage and encouraging reuse; and

– Providing recycling boxes for collecting paper wastes.

Hazardous waste

Given the business nature of the Group, we do not generate any significant amount of hazardous waste.

Climate change

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

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

While we do not consider climate change risks to have a significant impact on our businesses, it would still have certain effects on our operations and we will continue to monitor the climate-related risks and implement relevant measures to minimise the potential impact of climate change.

Regulatory compliance

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

SOCIAL

People-oriented

We have always regarded our staff as our most valuable asset and the key to the Group's continual growth and success. The Group provides our staff with various career development and training opportunities so that they can constantly upgrade themselves and add value to themselves. Also, the Group provides our staff with competitive remuneration and benefits, and implements occupational health and safety measures, in order to build a harmonious working environment.

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

Employment and labour practices

Employment Standards

The Group is well aware that the employment of child labour and forced labour is absolutely unacceptable, it is its responsibility to proactively oppose child labour and forced labour. The Group adheres to the principles of fairness, openness and voluntariness in employment issues. At the time of recruitment, we will check the identity of applicants to avoid hiring any minors. All employees have entered into employment contracts without the threat of forced labour. In daily business, we do not tolerate any form of forced labour, such as intimidation or physical abuse. Once child labour and forced labour are discovered, we will take immediate action to protect child labours and forced labour victims, and notify relevant social welfare agencies to ensure that they will receive appropriate assistance. During the Reporting Period, the Group has not noticed any serious violations of laws and regulations relating to child labour and forced labour, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

Talent-Oriented Employment

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

Remuneration and benefits

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

Prevention of child and forced labour

The Group respects individual human rights and strictly complies with relevant local laws and regulations regarding child and forced labour. We prohibit the employment of child and forced labour in all operations and have set clear policies on our employment process to prevent any abuse.

During recruitment, the age of the applicants is verified with identification documents to ensure that no underage labour is employed. All our employees are protected by employment contracts with terms of jobs clearly stated and shall not be subject to forced labour. We uphold employees' freedom to express their opinions and have in place a formal complaint procedure to facilitate any escalation to the management of our employees.

Employment statistics

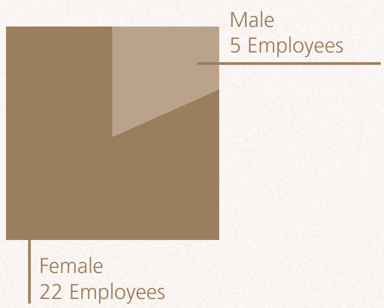
As of 31 March 2022, the Group had 27 employees (excluding non-executive directors and independent non-executive directors), with a turnover rate of 0.58%(Note). Detailed classifications are listed below:

Employee number

(as at 31 March 2022)

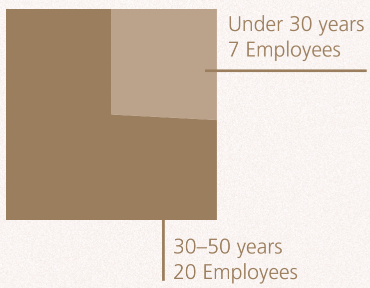
By Region

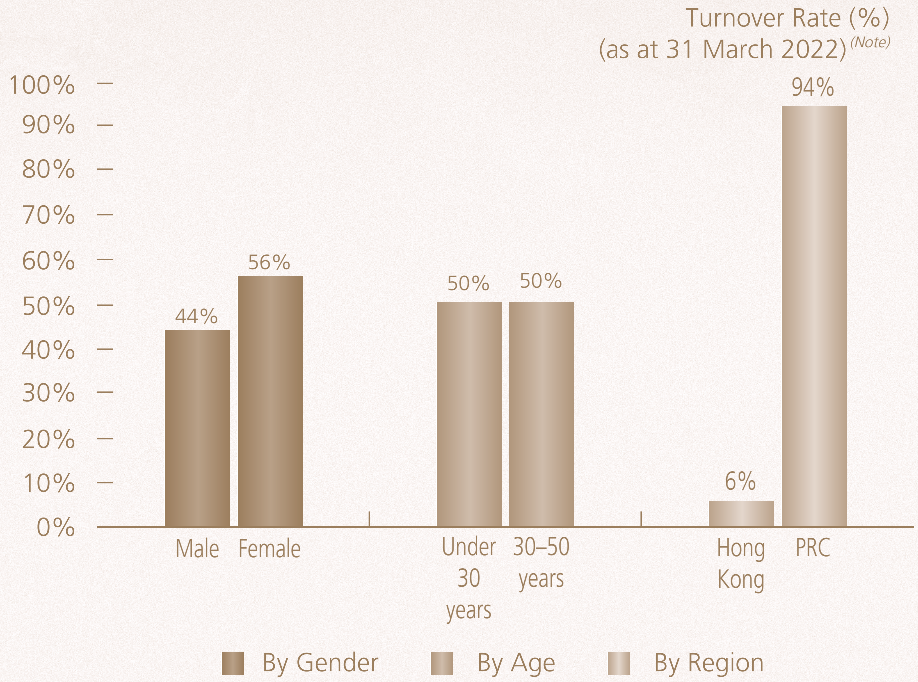
By Gender



By Employment Type

By Age





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

Regulatory compliance

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

Health and safety

None of our business operations involve any high risk occupational health and safety issues. Regardless of this, the Group is committed to establishing and maintaining a working environment with "zero" work injury, and purchases medical insurance for our staff to safeguard their well-being. In the event of any major work injury event, we will investigate the cause of the event and plan for corresponding actions or improvement measures. We have introduced the smoke-free policy into our workplace to protect the health of our staff. Also, first aid boxes and emergency contact numbers are ready for use. We have established procedures for our staff to follow in the event of typhoons and severe rainstorms to ensure their safety when travelling to and from the workplace.

During the Reporting Period, the Group has neither encountered any cases of injury or death at work, nor noticed any cases of serious violations of occupational safety related laws and regulations, including but not limited to the Occupational Safety and Health Ordinance and the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》).There were also no fatality cases during each the three years ended 31 March 2022, 31 March 2021 and 31 March 2020.

Regulatory compliance

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

Development and training

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

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

Employees are encouraged to develop and equip themselves with professional qualifications for future challenges. As part of the annual appraisal practice, employees are encouraged to discuss and formulate their development plans. We provide examination leaves and educational subsidies to employees upon successful application to support their continuous learning.

Employee training statistics (excluding self-learning materials)		**2022 Percentage of employees trained**	**2022 Average training hours**
By gender	Male	**7.69%**	**5**
	Female	**15.38%**	**5**
By employee category	Management	**7.69%**	**5**
	General staff	**15.38%**	**5**

Supply Chain Management and Quality Assurance

The Group mainly provides a one-stop online wholesale platform for brand manufacturers and retailers and is not involved in any direct production. However, as an important platform for global fashion accessories customers, we are committed to safeguarding the quality of our products and delivering the products with the best quality to our customers. In order to protect the interests of our customers to the greatest extent, if our customers discover any quality problem in our products within seven days after receiving the goods, they can return or exchange them free of charge.

During the Reporting Period, the suppliers of the Group's fashion accessories business are mainly from China.

In order to ensure that the quality and safety of the products are guaranteed by the source, we have established the "Factory Qualification Ranking Assessment Standard" (《工廠資質等級評審標準》) and "Product Quality Control System" (《產品品質管控制度》) for brand manufacturers on the Online Platform, and adopted various regulations to ensure all goods in the platform meeting quality standards. When selecting new suppliers, we will conduct on-site inspections and scoring. For qualified suppliers, we will sign a cooperation agreement with them and establish a half-year trial period. For existing suppliers, we will also conduct qualification assessments on a regular basis. The assessment criteria include the quantity of supply, the number of complaints and the quality of service. If there are unqualified suppliers, we will first communicate with the suppliers, if the suppliers involved have not made reasonable improvements, we will terminate our cooperation with them.

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

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

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

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

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

During the Reporting Period, the Group had 6 suppliers in Hong Kong and 22 in the PRC.

Quality services

Caring Services

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

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

Privacy Protection

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

Protection of intellectual property rights

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

Regulatory compliance

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

Integrity

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

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

We have "Anti-Corruption Policy" and "Whistleblowing Policy" in place, which applies to all employees. Employees are encouraged to report any legitimate concern over possible improprieties in financial reporting, internal control or other unethical acts. The policy protects employees from any form of retribution for false allegations brought out of good faith. Any confirmed violations will result in a warning, disciplinary actions or even termination of employment, depending on the level of severity of the incident.

Regulatory compliance

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

Promotion and Advertising

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

Community Contribution

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

The Group did not make charitable donation during the Year.

APPENDIX I: HKEX ESG CONTENT INDEX

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

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

Subject Areas, Aspects and KPIs		Section	Remarks
A2 Use of resources		Emissions and Use of Resources	—
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity(e.g. per unit of production volume, per facility)		—
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)		—
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them		The Group is reviewing its operations and environmental performance in considering target setting on energy and water consumption.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them		
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced		The packaging materials provided for the preservation of the Group's fashion accessories products are considered as part of the final products, and therefore not accounted for in the Report. Other than that, the Group did not produce any significant hazardous waste and packaging materials during the Reporting Period.
A3 The Environment and Natural Resources		Emissions and Use of Resources	The significant environmental issues in our business are already disclosed in sections "Emissions and Use of resources".
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them		—

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

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

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

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To the shareholders of Artini Holdings Limited

(Incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Artini Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 65 to 130, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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.

KEY AUDIT MATTERS

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

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

Refer to Notes 16 and 18 to the consolidated financial statements

The carrying amount of the Group's IFAPB Goodwill and intangible assets as at 31 March 2022 was approximately HK$2,534,000 and HK$28,278,000 respectively.

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

Management has concluded that no impairment loss on the IFAPB Goodwill and impairment loss on the intangible assets of approximately nil were recognised for the year then ended. This conclusion was based on value in use models that required significant management judgment in making assumptions and in selecting an appropriate market discount rate.

Our response:

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

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

OTHER INFORMATION IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibilities in this regard.

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

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

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

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

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

- 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, related safeguards.

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate Number: P05443

Hong Kong, 27 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	6	**76,968**	79,397
Cost of sales		**(62,915)**	(70,200)
Gross profit		**14,053**	9,197
Other income	7	**77**	782
Other gains and losses, net	8	**(3,626)**	(4,542)
Selling and distribution expenses		**(23,701)**	(10,727)
Administrative expenses		**(9,015)**	(19,439)
Finance costs	9	**(165)**	(165)
Loss before income tax	10	**(22,377)**	(24,894)
Income tax expense	13	**–**	(1,727)
Loss for the year		**(22,377)**	(26,621)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**4,956**	10,714
Other comprehensive income for the year, net of income tax		**4,956**	10,714
Total comprehensive expense for the year		**(17,421)**	(15,907)
Loss per share			
– Basic and diluted (HK$)	14	**(0.020)**	(0.024)

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,269**	1,811
Goodwill	16	**2,534**	2,534
Right-of-use assets	17	**721**	3,951
Intangible assets	18	**28,278**	28,278
		32,802	36,574
CURRENT ASSETS			
Inventories	20	**47,607**	59,401
Trade and other receivables	21	**47,331**	67,388
Cash and bank balances	22	**35,758**	18,901
		130,696	145,690
CURRENT LIABILITIES			
Trade and other payables	23	**9,315**	7,878
Contract liabilities	24	**1,153**	872
Lease liabilities	17	**442**	1,287
Income tax payable		**11,551**	11,308
		22,461	21,345
NET CURRENT ASSETS		**108,235**	124,345
TOTAL ASSETS LESS CURRENT LIABILITIES		**141,037**	160,919
NON-CURRENT LIABILITIES			
Lease liabilities	17	**285**	2,746
NET ASSETS		**140,752**	158,173
CAPITAL AND RESERVES			
Share capital	25	**55,198**	55,198
Reserves		**85,554**	102,975
TOTAL EQUITY		**140,752**	158,173

Approved and authorised for issue by the board of directors on 27 June 2022.

Tse Hoi Chau
Director

Tse Kin Lung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000 *(Note (A))*	Translation reserve HK$'000	PRC statutory reserves HK$'000 *(Note (B))*	Share-based payment capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2020	55,198	913,906	(19,615)	13,528	9,436	21,082	(831,631)	161,904
Loss for the year	–	–	–	–	–	–	(26,621)	(26,621)
Other comprehensive income for the year, net of income tax	–	–	–	10,714	–	–	–	10,714
Total comprehensive (expense)/income for the year	–	–	–	10,714	–	–	(26,621)	(15,907)
Lapsed share options	–	–	–	–	–	(21,082)	21,082	–
Shares option granted under share option scheme	–	–	–	–	–	8,976	–	8,976
Capital injection by a shareholder	–	–	3,200	–	–	–	–	3,200
As at 31 March 2021 and 1 April 2021	55,198	913,906	(16,415)	24,242	9,436	8,976	(837,170)	158,173
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(22,377)**	**(22,377)**
Other comprehensive income for the year, net of income tax	**–**	**–**	**–**	**4,956**	**–**	**–**	**–**	**4,956**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**4,956**	**–**	**–**	**(22,377)**	**(17,421)**
As at 31 March 2022	**55,198**	**913,906**	**(16,415)**	**29,198**	**9,436**	**8,976**	**(859,547)**	**140,752**

Notes:

A. OTHER RESERVES

The other reserves comprise of the following:

i. Restructuring reserve

The restructuring reserve of debit balance of approximately HK$19,615,000 (2021: HK$19,615,000) represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries comprising of the Group prior to the reorganisation of the Group in 2008.

ii. Capital injection by a shareholder

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

The Adjusted Net Profit for the Year 2020 was approximately HK$20.8 million. Due to the impact of Epidemic, the performance of the Group for the Year 2020 was not as expected, therefore the Adjusted Net Profit did not meet the Profit Guarantee. Compensation of approximately HK$3.2 million is required to be paid by Mr. Tse to the Company.

B. PRC STATUTORY RESERVES

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

i. General reserve fund

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

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

ii. Enterprise expansion fund

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

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Loss before income tax	**(22,377)**	(24,894)
Adjustments for:		
Depreciation of property, plant and equipment	**724**	629
Loss on written off of property, plant and equipment	**1**	–
Depreciation of right-of-use assets	**1,356**	1,604
Gain on lease modification	**(76)**	–
Amortisation of intangible assets	**–**	21
Provision of impairment loss of intangible assets	**–**	2,722
Impairment loss recognised in respect of trade receivables	**3,373**	371
Impairment loss (reversed)/recognised in respect of other receivables	**(339)**	506
Equity settled share-based payment expenses	**–**	8,976
Finance costs recognised in profit or loss	**165**	165
Interest income recognised in profit or loss	**(22)**	(14)
Covid-19-related rent concession	**(54)**	–
Provision of impairment loss of inventories	**4,006**	4,402
Operating cash flows before changes in working capital	**(13,243)**	(5,512)
Decrease in inventories	**9,935**	5,729
Decrease/(increase) in trade and other receivables	**19,426**	(12,948)
Increase/(decrease) in trade and other payables	**1,294**	(243)
Increase/(decrease) in contract liabilities	**242**	(8,758)
Cash generated from/(used in) operations	**17,654**	(21,732)
Income taxes paid	**–**	(10,442)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**17,654**	(32,174)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(147)**	(1,580)
Interest received	**22**	14
NET CASH USED IN INVESTING ACTIVITIES	**(125)**	(1,566)
FINANCING ACTIVITIES *(Note 33)*		
Capital injection by a shareholder	**–**	3,200
Principal elements of lease payments	**(1,303)**	(1,654)
Interest paid on lease liabilities	**(165)**	(165)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(1,468)**	1,381
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**16,061**	(32,359)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**18,901**	49,042
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**796**	2,218
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by cash and bank balances	**35,758**	18,901

1. GENERAL INFORMATION

Artini Holdings Limited (the "Company") was incorporated in Bermuda on 30 May 2007 as an exempted company with limited liability under the Bermuda Companies Act 1981 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Office 3, 17/F, Shun Feng International Centre, No.182 Queen's Road East, Wan Chai, Hong Kong.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in sale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform (the "Integrated Fashion Accessories Platform Business").

In the opinion of the directors of the Company (the "Directors") the Company's immediate holding company is Walifax Investments Limited, a company incorporated in the British Virgin Islands and its ultimate controlling party is Mr. Tse Hoi Chau, the executive director and chairman of the Company, respectively.

The principal activities of its subsidiaries are set out in Note 32.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

(a) New and amended standards and interpretations

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year had no material impact on the Group's results and financial position for the current or prior period and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(a) New and amended standards and interpretations *(continued)*

Impacts on application of amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, interest rate benchmark reform – Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients for future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to HKFRS 16

HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 March 2022, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(a) New and amended standards and interpretations *(continued)*

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to HKFRS 16 *(continued)*

On 9 April 2021, the HKICPA issued another amendment to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extends the availability of the practical expedient in paragraph 46A of HKFRS 16 by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of such amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

(b) New and amended standards that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) [2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 Effective for annual periods beginning on or after a date to be determined.

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(b) New and amended standards that have been issued but not yet effective *(continued)*

Amendments to HKFRS 3 Business Combinations – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC) 21 Levies, the acquirer applies HK(IFRIC) 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent asset acquired in a business combination.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(b) New and amended standards that have been issued but not yet effective *(continued)*

Amendments to HKAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. 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.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(b) New and amended standards that have been issued but not yet effective *(continued)*

Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the HKICPA retained the concept of changes in accounting estimates in the standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying HKFRS 16 at the commencement date of a lease.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(b) New and amended standards that have been issued but not yet effective *(continued)*

Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with HKAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. HKAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

(b) New and amended standards that have been issued but not yet effective *(continued)*

Annual Improvements to HKFRS Standards 2018-2020 – Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture

The Annual Improvements include amendments to four standards:

HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in HKFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to HKFRS standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in HKFRS 1:D16(a).

HKFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to illustrative example 13 accompanying HKFRS 16 removes from the fact pattern a reimbursement relating to leasehold improvements, as the example had not explained clearly whether the reimbursement would meet the definition of a lease incentive in HKFRS 16.

HKAS 41 Agriculture

The amendment removes the requirement in HKAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in HKAS 41 with the requirements of HKFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going Concern Assessment

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Subsidiaries

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

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

(c) Goodwill

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Revenue recognition

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

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

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

(i) Revenue from sale of fashion accessories products is recognised at point in time when the goods are delivered to, and have been accepted by, customers.

(ii) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leasing

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

Right-of-use asset

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

Lease liability

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leasing *(continued)*

Lease Modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increase the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstance of the particular contract.

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

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

COVID-19-Related Rent Concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

(g) Retirement benefit costs

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27.

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

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

Share options granted to suppliers/consultants

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before income tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Property, plant and equipment

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Intangible assets (other than goodwill)

(i) Acquired intangible assets

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

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

Non-contractual customer lists and relationships	3 years

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

(ii) Impairment

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial Instruments

(i) Financial assets

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

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

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

Debt instruments

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial Instruments *(continued)*

(ii) Impairment loss on financial assets

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial Instruments *(continued)*

(iii) Financial liabilities

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

Financial liabilities at amortised cost

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

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

(iv) Effective interest method

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

(v) Equity instruments

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial Instruments *(continued)*

(vi) Derecognition

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

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

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

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and cost necessary to make the sale.

(p) Provisions

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

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

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

(q) Cash and cash equivalents

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

(i) Impairment of trade and other receivables

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

During the year, net impairment loss on trade and other receivables have been recognised at approximately of HK$3,034,000 (2021: HK$877,000).

(ii) Estimated impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the years ended 31 March 2022 and 2021, no impairment loss on goodwill has been recognised. Further details are set out in Note 16.

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

Key sources of estimation uncertainty *(continued)*

(iii) Deferred tax assets

As at the end of the reporting period, no deferred tax asset in relation to unused tax losses and certain deductible temporary difference has been recognised in the consolidated statement of financial position. The recognition of the deferred tax asset mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

(iv) Estimation of income taxes

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

(v) Impairment of investments in subsidiaries

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

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the net amounts received and receivables that are derived from sales of fashion accessories products during the years ended 31 March 2022 and 2021.

(b) Segment information

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

Specifically, the Group's reportable and operating segments for the years ended 31 March 2022 and 2021 were as follows:

Integrated Fashion Accessories Platform Business	(i)	Wholesale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform.
	(ii)	Others, consists of retail and distribution of fashion accessories products through third-party retail online platforms for retail customers in the People's Republic of China (the "PRC") and third party physical points of sale by authorised distributors and consignees in the PRC and Hong Kong, offline wholesale channels for trading of fashion accessories products to global wholesale customers and PRC wholesale customers.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information *(continued)*

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

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

	Integrated Fashion Accessories Platform Business			
	Fashion accessories online wholesales platform HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Year ended 31 March 2022				
Revenue (At point in time)				
Segment revenue – external sales	61,866	15,102	–	76,968
Results				
Segment results	(6,734)	(7,147)	–	(13,881)
Unallocated other losses				(4,066)
Unallocated expenses				
– Auditor's remuneration				(730)
– Depreciation of right-of-use assets				(415)
– Salaries and retirement benefit scheme				(1,826)
– Other professional fee				(602)
– Unallocated expenses				(833)
– Finance costs				(24)
Loss before income tax				(22,377)
Assets				
Segment assets	121,393	8,322		129,715
Unallocated assets				
– Property, plant and equipment				428
– Right-of-use assets				208
– Intangible assets				28,278
– Other receivables, prepayment and deposit				177
– Cash and bank balances				4,692
Total assets				163,498
Liabilities				
Segment liabilities	(10,493)	(1,633)		(12,126)
Unallocated liabilities				
–Other payables and accruals				(4,939)
–Lease liabilities				(211)
–Others				(5,470)
Total liabilities				(22,746)
Other information				
Depreciation of property, plant and equipment	–	(301)	(423)	(724)
Depreciation of right-of-use assets	(115)	(826)	(415)	(1,356)
Impairment loss recognised in respect of trade receivables	(3,191)	(182)	–	(3,373)
Impairment loss reversed in respect of other receivables	336	3	–	339
Provision of impairment loss of inventories	(3,285)	(721)	–	(4,006)

6. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information *(continued)*

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

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

	Integrated Fashion Accessories Platform Business			
	Fashion accessories online wholesales platform HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Year ended 31 March 2021				
Revenue (At point in time)				
Segment revenue – external sales	44,310	35,087	–	79,397
Results				
Segment results	(7,153)	(37)	–	(7,190)
Unallocated other losses				(2,505)
Unallocated expenses				
– Auditor's remuneration				(730)
– Depreciation of right-of-use assets				(366)
– Salaries and retirement benefit scheme				(5,108)
– Other professional fee				(6,696)
– Unallocated expenses				(2,276)
– Finance costs				(23)
Loss before income tax				(24,894)
Assets				
Segment assets	129,420	19,558		148,978
Unallocated assets				
– Property, plant and equipment				851
– Right-of-use assets				623
– Intangible assets				28,278
– Other receivables, prepayment and deposit				177
– Cash and bank balances				3,357
Total assets				182,264
Liabilities				
Segment liabilities	(8,296)	(4,778)		(13,074)
Unallocated liabilities				
– Other payables and accruals				(4,891)
– Lease liabilities				(656)
– Others				(5,470)
Total liabilities				(24,091)
Other information				
Depreciation of property, plant and equipment	–	(304)	(325)	(629)
Depreciation of right-of-use assets	–	(1,238)	(366)	(1,604)
Amortisation of intangible assets	–	–	(21)	(21)
Provision of impairment loss of intangible assets	–	(2,722)	–	(2,722)
Impairment loss recognised in respect of trade receivables	(371)	–	–	(371)
Impairment loss recognised in respect of other receivables	(495)	(10)	(1)	(506)
Equity settled share-based payment expenses	–	–	(8,976)	(8,976)
Provision of impairment loss of inventories	(4,402)	–	–	(4,402)

6. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information *(continued)*

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

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

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales transactions between the Group's subsidiaries in the different segments during the years ended 31 March 2022 and 2021.

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

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

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

ii. Geographical information

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

	2022 **HK$'000**	2021 HK$'000
America	**59,750**	39,249
The PRC, other than Hong Kong and Macao	**15,098**	35,065
Europe	**1,267**	2,663
Australia	**315**	1,577
Asian	**225**	318
Africa	**216**	420
Middle East	**78**	61
Russia	**15**	23
Hong Kong and Macao	**4**	21
	76,968	79,397

6. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment information *(continued)*

ii. Geographical information *(continued)*

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

	2022 HK$'000	2021 HK$'000
Hong Kong and Macao	**636**	1,474
The PRC, other than Hong Kong and Macao	**32,166**	35,100
	32,802	36,574

(c) Information about major customers

Revenues from two customers of the Group's Integrated Fashion Accessories Platform Business segment amounted to HK$34,787,000 (2021: HK$38,951,000), which represent 10% or more of the Group's revenue.

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Interest income	**22**	14
Government subsidies *(Note (a))*	**–**	194
Covid-19-related rent concession	**54**	–
Others	**1**	574
	77	782

Note:

(a) During the year ended 31 March 2021, included in profit or loss was HK$194,000 of government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program, and does not obtain any subsidy in the current year.

8. OTHER GAINS AND LOSSES, NET

	2022 HK$'000	2021 HK$'000
Other gains and (losses), net comprise of:		
Net exchange losses	**(667)**	(943)
Provision of impairment on intangible assets	**–**	(2,722)
Impairment loss recognised in respect of trade receivables	**(3,373)**	(371)
Impairment loss reversed/(recognised) in respect of other receivables	**339**	(506)
Loss on written off of property, plant and equipment	**(1)**	–
Gain on lease modification	**76**	–
	(3,626)	(4,542)

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**165**	165

10. LOSS BEFORE INCOME TAX

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

	2022 HK$'000	2021 HK$'000
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	**5,465**	5,364
Share-based payment expenses	**–**	3,308
Contributions to defined contribution retirement plans	**471**	266
	5,936	8,938
Auditor's remuneration	**730**	730
Cost of inventories recognised as an expense, including written-off of inventories	**62,915**	70,200
Provision of impairment loss of inventories	**4,006**	4,402
Depreciation of property, plant and equipment	**724**	629
Loss on written off of property, plant and equipment	**1**	–
Depreciation of right-of-use assets	**1,356**	1,604
Amortisation of intangible assets	**–**	21
Provision of impairment loss on intangible assets	**–**	2,722
Impairment loss recognised in respect of trade receivables	**3,373**	371
Impairment loss (reversed)/recognised in respect of other receivables	**(339)**	506
Short-term leases expenses	**–**	121

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payment *(Note b)* HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2022					
Executive directors					
Mr. Tse Hoi Chau ("Mr. Tse")	**–**	**120**	**–**	**6**	**126**
Mr. Tse Kin Lung	**–**	**395**	**–**	**14**	**409**
Ms. Yu Zhonglian	**–**	**90**	**–**	**5**	**95**
Independent non-executive directors					
Mr. Lau Fai Lawrence	**120**	**–**	**–**	**–**	**120**
Mr. Lau Yiu Kit	**120**	**–**	**–**	**–**	**120**
Mr. Ma Sai Yam	**120**	**–**	**–**	**–**	**120**
	360	**605**	**–**	**25**	**990**
For the year ended 31 March 2021					
Executive directors					
Mr. Tse Hoi Chau	–	120	938	6	1,064
Mr. Tse Kin Lung	–	376	937	10	1,323
Mr. Lin Shao Hua *(Note (a))*	–	41	–	2	43
Ms. Yu Zhonglian	–	120	938	6	1,064
Independent non-executive directors					
Mr. Lau Fai Lawrence	120	–	–	–	120
Mr. Lau Yiu Kit	120	–	–	–	120
Mr. Ma Sai Yam	120	–	–	–	120
	360	657	2,813	24	3,854

Notes:

(a) Mr. Lin Shao Hua resigned as an executive director of the Company with effect from 3 August 2020.

(b) These amounts represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the accounting policies for share-based payments as set out in note 4(i) to the financial statements. Further details of the options granted are set out in Note 27 to the financial statements.

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

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

During the years ended 31 March 2022 and 2021, no emoluments was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors has waived or agreed to waive any emoluments during the years ended 31 March 2022 and 2021.

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments, one (2021: three) is Director for the year ended 31 March 2022, details of whose emoluments are included in the disclosure in Note 11(a) above.

The emoluments of the remaining four individuals (2021: two) were as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries, allowances and benefits in kind	**1,247**	501
Retirement benefit scheme contributions	**45**	17
Share-based payment	**–**	880
	1,292	1,398

The emoluments of the four individuals (2021: two) with the highest emoluments are within the following band:

	2022	2021
Nil to HK$1,000,000	**4**	2

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

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

13. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Hong Kong Profits Tax		
– Current year	–	–
– Under-provision in prior years	–	1,732
	–	1,732
Deferred tax		
– Current year *(Note 19)*	–	(5)
Income tax expense	–	1,727

According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the "Regime") is first effective for the year of assessment 2018/19. Profits tax rate for the first HK$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for the years ended 31 March 2022 and 2021 is provided based on the Regime.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 March 2022 and 2021.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2021: 25%) for the year.

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

	2022 HK$'000	2021 HK$'000
Loss before income tax expense	**(22,377)**	(24,894)
Tax calculated at the rate applicable to the tax jurisdictions concerned	**(3,900)**	(2,569)
Tax effect of expenses not deductible for tax purposes	**548**	735
Tax effect income not taxable for tax purposes	–	(4)
Tax effect of deductible temporary differences not recognised	–	(5)
Tax effect of tax losses not recognised	**3,352**	1,838
Under-provision in prior years	–	1,732
Income tax expense	–	1,727

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK$22,377,000 (2021: a loss of HK$26,621,000) and the weighted average of approximately 1,103,968,000 (2021: 1,103,968,000) ordinary shares in issue during the year. Comparative figures have also been adjusted on the assumption that the Share Consolidation (as defined in Note 25) had been effective in the beginning of prior period.

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares in issue for the years ended 31 March 2022 and 2021.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost					
As at 1 April 2020	638	604	29	1,315	2,586
Additions	1,467	50	63	–	1,580
Disposals	(572)	–	–	–	(572)
Exchange adjustments	64	9	–	–	73
As at 31 March 2021 and 1 April 2021	**1,597**	**663**	**92**	**1,315**	**3,667**
Additions	**66**	**81**	**–**	**–**	**147**
Written off	**–**	**(38)**	**–**	**–**	**(38)**
Exchange adjustments	**44**	**6**	**–**	**–**	**50**
As at 31 March 2022	**1,707**	**712**	**92**	**1,315**	**3,826**
Accumulated depreciation and impairments					
As at 1 April 2020	490	543	15	722	1,770
Provided for the year	364	32	10	223	629
Eliminated on disposals	(572)	–	–	–	(572)
Exchange adjustments	24	5	–	–	29
As at 31 March 2021 and 1 April 2021	**306**	**580**	**25**	**945**	**1,856**
Provided for the year	**509**	**54**	**18**	**143**	**724**
Eliminated on written off	**–**	**(37)**	**–**	**–**	**(37)**
Exchange adjustments	**10**	**4**	**–**	**–**	**14**
As at 31 March 2022	**825**	**601**	**43**	**1,088**	**2,557**
Carrying amounts					
As at 31 March 2022	**882**	**111**	**49**	**227**	**1,269**
As at 31 March 2021	1,291	83	67	370	1,811

16. GOODWILL

	HK$'000
Cost	
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**152,181**
Impairments	
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	**149,647**
Carrying amount	
As at 31 March 2022	**2,534**
As at 31 March 2021	2,534

Notes:

(a) Goodwill arises from acquisition of Primeview Technology Limited ("PVT") on 31 October 2016. The goodwill is allocated to the CGU of the E–commerce Business and fully impaired in prior year.

(b) Goodwill arises from acquisition of Magic B2B Limited and Guangzhou Artini Technology Limited on 31 October 2017. This goodwill is allocated to the CGU of Integrated Fashion Accessories Platform Business.

The recoverable amounts of the CGU has been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2021: 3%).

	2022	2021
Discount rate	**15.86%**	15.55%
Operating margin	**21.63%**	24.42%
Average growth rate within the five-year period	**13%**	19%

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

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 HK$'000	2021 HK$'000
Right-of-use assets		
Office premises and warehouse	**721**	3,951
Lease liabilities		
Current liabilities	**442**	1,287
Non-current liabilities	**285**	2,746
	727	4,033

Addition to the right-of-use assets during the financial year were HK$199,000 (2021: HK$ 4,667,000).

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets – Office premises and warehouse	**1,356**	1,604
Effect of lease modification	**(76)**	–
Expense relating to short-term leases	**–**	112
Interest expense (included in finance costs) *(Note 9)*	**165**	165

The exchange differences for right-of-use assets and lease liabilities were HK$84,000 (2021: HK$147,000) and HK$85,000 (2021: HK$155,000) respectively during the year.

The total cash outflow for the leases in 2022 was HK$1,468,000 (2021: HK$1,931,000).

Short-term leases for premises which are regularly entered into by the Group during the year. As at 31 March 2022, the outstanding lease commitments relating to the premises was nil (2021: HK$88,000).

18. INTANGIBLE ASSETS

	Trademarks HK$'000 (Note (a))	Customer lists HK$'000 (Note (b))	Total HK$'000
Cost			
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	32,840	109	32,949
Accumulated amortisation and impairments			
As at 1 April 2020	1,840	88	1,928
Amortisation	–	21	21
Impairments	2,722	–	2,722
As at 31 March 2021, 1 April 2021 and 31 March 2022	**4,562**	**109**	**4,671**
Carrying amount			
As at 31 March 2022	**28,278**	**–**	**28,278**
As at 31 March 2021	28,278	–	28,278

Notes:

(a) The trademarks related to the Group's brand name are considered to have indefinite useful lives which were fully impaired in prior years.

The Group acquired trademarks related to an Italian brand ("Asbeny"), which are considered to have indefinite useful lives, in March 2018. The recoverable amounts of the Asbeny has been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2021: 3%).

	2022	2021
Discount rate	**18.96%**	18.61%
Operating margin	**64%**	65%
Growth rate within the five –year period	**13-17%**	14-15%

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

As at 31 March 2021, intangible assets with the net carrying amount of HK$31,000,000 (before the impairment assessment) was attributable to the trademarks related to Asbeny. As at 31 March 2021, the recoverable amount of the Asbeny CGU was HK$28,278,000 and lower than its carrying amount, thus, the directors considered that an impairment loss on intangible assets of HK$2,722,000 has been recognised in "other gains and losses, net" during the year ended 31 March 2021. The reason for this impairment in the year ended 31 March 2021 was the Asbeny CGU suffered loss caused by the suspension of logistic networks for good delivery during the outbreak of Covid-19. As the CGU has been reduced to its recoverable amount of HK$28,278,000, any adverse change in the assumption used in the calculation of recoverable amount would result in further impairment losses. No further impairment recognised or reversed during the year ended 31 March 2022.

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

19. DEFERRED TAXATION

Details of the deferred tax liabilities recognised and movements during the current and prior years:

	Revaluation of intangible assets HK$'000
As at 1 April 2020	5
Credit to profit or loss *(Note 13)*	(5)
As at 31 March 2021, 1 April 2021 and 31 March 2022	–

As at 31 March 2022 and 2021, the Group does not has deductible temporary difference in respect of impairment of trade and other receivables. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profit will be available which the deductible temporary differences can be utilised.

As at 31 March 2022, the Group has unused tax losses of approximately HK$37,342,000 (2021: HK$33,347,000) available for offsetting against future profits. No deferred tax assets have been recognised as certain entities of the Group have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses may be carried forwards indefinitely except for those tax losses amounting to HK$23,439,000 (2021: HK$21,067,000) will expire in the coming few years.

20. INVENTORIES

	2022 **HK$'000**	2021 HK$'000
Finished goods	**47,607**	59,401

As at 31 March 2022, provision of impairment loss of inventories of HK$4,006,000 (2021: HK$4,402,000) is made and recognised as cost of inventories sold during the year.

21. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables *(note (a))*	**34,461**	17,179
Less: Allowances	**(3,744)**	(371)
Trade receivables, net	**30,717**	16,808
Other receivables *(note (b))*	**752**	1,105
Less: Allowances	**(167)**	(506)
Other receivables, net	**585**	599
Trade and other deposits paid	**15,939**	49,512
Prepayments	**90**	469
	47,331	67,388

Notes:

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

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

As at 31 March 2022 and 2021, included in other receivables were receivables from a few independent third parties.

(a) Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2021: 30 to 60 days) to its customers. The ageing analysis of the Group's trade receivables presented (net of allowances) based on invoice date as at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	2022 HK$'000	2021 HK$'000
0 – 30 days	**11,275**	15,435
31 – 60 days	**1,924**	–
61 – 90 days	**387**	594
91 – 180 days	**6,350**	588
181 – 365 days	**10,781**	191
	30,717	16,808

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

	2022 HK$'000	2021 HK$'000
Renminbi	**2,392**	2,023
United Stated Dollars	**28,325**	14,785
	30,717	16,808

21. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

(a) Trade receivables *(continued)*

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

	2022 HK$'000	2021 HK$'000
As at 1 April	**371**	–
Impairment loss recognised	**3,373**	371
As at 31 March	**3,744**	371

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

(b) Other receivables

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

	2022 HK$'000	2021 HK$'000
As at 1 April	**506**	–
Impairment loss (reversed)/recognised	**(339)**	506
As at 31 March	**167**	506

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

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

22. CASH AND BANK BALANCES

	2022 HK$'000	2021 HK$'000
Cash and bank balances	**35,758**	18,901

As at 31 March 2022, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.3000% (2021: 0.001% to 0.385%) per annum.

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

	2022 HK$'000	2021 HK$'000
Currency:		
RMB	**1,371**	8,929

23. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**3,466**	1,771
Other tax payables	**3,085**	3,096
Payrolls and staff cost payables	**415**	487
Other payables and accruals	**2,349**	2,524
	9,315	7,878

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit term of 30 to 90 days (2021: 30 to 90 days).

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

	2022 HK$'000	2021 HK$'000
Within 3 months	**3,290**	1,501
More than 3 month less than 1 year	**1**	95
Over 1 year	**175**	175
	3,466	1,771

24. CONTRACT LIABILITIES

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

	2022 HK$'000	2021 HK$'000
As at 1 January	**872**	9,164
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(237)**	(9,164)
Increase in contract liabilities as a result of receipt in advance of sales of fashion accessories products	**518**	872
As at 31 December	**1,153**	872

Note:

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

25. SHARE CAPITAL

	Number of ordinary shares HK$0.05 each	Number of ordinary shares HK$0.01 each	Amount HK$'000
Authorised:			
As at 1 April 2020	–	30,000,000,000	300,000
Share Consolidation	6,000,000,000	(30,000,000,000)	–
As at 31 March 2021, 1 April 2021 and 31 March 2022	**6,000,000,000**	**–**	**300,000**

	Number of ordinary shares HK$0.05 each	Number of ordinary shares HK$0.01 each	Amount HK$'000
Issued and fully paid:			
As at 1 April 2020	–	5,519,840,000	55,198
Share Consolidation *(Note (a))*	1,103,968,000	(5,519,840,000)	–
As at 31 March 2021, 1 April 2021 and 31 March 2022	**1,103,968,000**	**–**	**55,198**

Note:

(a) On 11 September 2020, the Company completed the consolidation of shares in the issued shares of the Company whereby every five issued and unissued ordinary shares of HK$0.01 each are consolidated into one consolidated ordinary share of HK$0.05 each (the "Share Consolidation").

26. RETIREMENT BENEFIT SCHEMES

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

The Group participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. For member of the MPF Scheme, the Group contributes 5% or HK$1,500 in maximum of relevant payroll costs to the scheme, which contribution is matched by employees. As at 31 March 2022, the Group was not entitled to any forfeited contributions to reduce its future contributions (2021: Nil).

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

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS

2008 SHARE OPTION SCHEME

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

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

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

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

2019 SHARE OPTION SCHEME

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

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

Name of category of participant	Particulars	Date of grant	Exercise price HK$	Exercise period	As at beginning of the year	Addition during the year	Lapsed during the year	As at end of the years
Year ended 31 March 2022								
Directors								
Mr. Tse Hoi Chau	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	**11,000,000**	–	–	**11,000,000**
Mr. Tse Kin Lung	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	**11,000,000**	–	–	**11,000,000**
Ms. Yu Zhonglian	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	**11,000,000**	–	–	**11,000,000**
Others								
– Consultants	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	**71,000,000**	–	–	**71,000,000**
– Employees	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	**6,200,000**	–	–	**6,200,000**
					110,200,000	–	–	**110,200,000**
Weighted average exercise prices					**0.1970**	–	–	**0.1970**

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

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

Name of category of participant	Particulars	Date of grant	Exercise price HK$	Exercise period	As at beginning of the year	Addition during the year	#Adjustment due to Share Consolidation	Lapsed during the year	As at end of the years
Year ended 31 March 2021									
Directors									
Mr. Tse Hoi Chau	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	–	55,000,000	(44,000,000)	–	11,000,000
	Tranche K *(Note (a))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	–	–	(10,000,000)	–
	Tranche L *(Note (a))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	–	–	(10,000,000)	–
Mr. Tse Kin Lung	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	–	55,000,000	(44,000,000)	–	11,000,000
Ms. Yu Zhonglian	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	–	55,000,000	(44,000,000)	–	11,000,000
Mr. Lin Shao Hua	Tranche K *(Note (a))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	–	–	(10,000,000)	–
	Tranche L *(Note (a))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	–	–	(10,000,000)	–
Others									
– Consultants	Tranche K *(Note (a))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,100,000	–	–	(10,100,000)	–
	Tranche L *(Note (a))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,100,000	–	–	(10,100,000)	–
	Tranche M *(Note (b))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	112,100,000	–	–	(112,100,000)	–
	Tranche N *(Note (b))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	112,100,000	–	–	(112,100,000)	–
	Note (c)	15 July 2020	0.197#	15 July 2020 to 14 July 2023	–	355,000,000	(284,000,000)	–	71,000,000
Employees	*Note (c)*	15 July 2020	0.197#	15 July 2020 to 14 July 2023	–	31,000,000	(24,800,000)	–	6,200,000
					284,400,000	551,000,000	(440,800,000)	(284,400,000)	110,200,000
Weighted average exercise prices					0.1484	–	–	–	0.1970

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

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

Notes:

(a) Pursuant to the Company's announcement on 9 July 2015, a total of 61,800,000 share options to subscribe for ordinary shares of HK$0.01 each of the Company were granted to certain eligible participants, including the directors and employees of the Company and the consultants under the share option scheme adopted by the Company on 23 April 2008. Details of the share options granted are as follows:

Date of grant:	9 July 2015
Exercise price of share options granted:	HK$0.147 per share
Number of share options granted:	61,800,000 share options
Closing price of the share on the date of grant:	HK$0.136
Exercise periods:	
– 30,900,000 share options	9 July 2015 to 8 July 2020
– 30,900,000 share options	9 July 2016 to 8 July 2020

Each of the share option shall entitle the holder of the share option to subscribe for one share upon exercise of such share option at an exercise price of HK$0.147 per share, which represents the higher of (i) the closing price of HK$0.136 per share as stated in the daily quotations sheet issued by the Stock Exchange on 9 July 2015, being the date of grant (the "Date of Grant 2015(A)"); (ii) the average closing price of HK$0.147 per share as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the Date of Grant 2015(A); and (iii) the nominal value of the share of HK$0.01 each in the capital of the Company.

A maximum of 50% of the total number of share options granted to the eligible participants may be exercisable immediately after the Date of Grant 2015(A). The remaining 50% of the total number of share options granted to the eligible participants exercisable after 8 July 2016. The fair value of the share options is expensed on a straight-line basis over the vesting period.

(b) Pursuant to the Company's announcement on 27 November 2015, a total of 256,200,000 share options to subscribe for ordinary shares of HK$0.01 each of the Company were granted to certain eligible participants, including the employees of the Company and the consultants under the share option scheme adopted by the Company on 23 April 2008. Details of the share options granted are as follows:

Date of grant:	27 November 2015
Exercise price of share options granted:	HK$0.1488 per share
Number of share options granted:	256,200,000 share options
Closing price of the share on the date of grant:	HK$0.147
Exercise periods:	
– 128,100,000 share options	27 November 2015 to 26 November 2020
– 128,100,000 share options	27 November 2016 to 26 November 2020

Each of the share option shall entitle the holder of the share option to subscribe for one share upon exercise of such share option at an exercise price of HK$0.1488 per share, which represents the higher of (i) the closing price of HK$0.147 per share as stated in the daily quotations sheet issued by the Stock Exchange on 27 November 2015, being the date of grant (the "Date of Grant 2015(B)"); (ii) the average closing price of HK$0.1488 per share as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the Date of Grant 2015(B); and (iii) the nominal value of the share of HK$0.01 each in the capital of the Company.

A maximum of 50% of the total number of the share options granted to the eligible participants may be exercisable immediately after the Date of Grant 2015(B), and the remaining 50% of the total number of the share options granted to the eligible participants may be exercisable after 26 November 2016. The fair value of the share options is expensed on a straight-line basis over the vesting period.

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

Notes: (continued)

(b) *(continued)*

As at 31 March 2021, the outstanding options granted on 27 November 2015 had an exercise price of HK$0.1488 are lapsed.

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

The fair values of share options granted during the year ended 31 March 2016 were determined by the Directors with reference to a valuation performed by an independent firm of professionally qualified valuers, BMI Appraisals Limited.

No liabilities were recognised due to these equity-settled share-based payment transactions.

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

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

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

As at 31 March 2022, the outstanding options granted on 15 July 2020 had an exercise price of HK$0.1970, after the adjustment of Share Consolidation (Note 25) and a weighted average remaining contractual life of 1.29 years (2021: 2.29 year).

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

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

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

Notes: (continued)

(c) *(continued)*

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

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

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

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

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

As at 31 March 2022, the Company had 110,200,000 (2021: 110,200,000) share options outstanding under the share option scheme. The exercise in full of the remaining share options under the present capital structure of the Company, would result in issue of 110,200,000 (2021: 110,200,000) additional ordinary shares of the Company and additional share capital of approximately HK$1,102,000 (2021: HK$1,102,000) and share premium of approximately HK$16,199,400 (2021: HK$16,199,400) (before the cost of issuance).

The Group recognised total expenses of approximately nil (2021: HK$8,976,000) for the year ended 31 March 2022 in relation to the share option schemes.

28. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Balances with related parties

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

(b) Key management personnel remuneration

During the years ended 31 March 2022 and 2021, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2022 HK$'000	2021 HK$'000
Short-term employee benefits:		
Salaries and other benefits	**1,427**	1,968
Post-employment benefits:		
Retirement benefit scheme contributions	**53**	50
Share-based payment	**–**	2,965
	1,480	4,983

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2022 HK$'000**	2021 HK$'000
NON-CURRENT ASSET			
Interests in subsidiaries		**9,371**	13,071
CURRENT ASSETS			
Cash and bank balances		**2,095**	767
Deposit paid		**23**	23
		2,118	790
CURRENT LIABILITY			
Other payables		**914**	935
NET CURRENT ASSETS/(LIABILITIES)		**1,204**	(145)
NET ASSETS		**10,575**	12,926
EQUITY			
Share capital		**55,198**	55,198
Reserves	*a*	**(44,623)**	(42,272)
TOTAL EQUITY		**10,575**	12,926

Approved and authorised for issue by the board of directors on 27 June 2022.

Tse Hoi Chau
Director

Tse Kin Lung
Director

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note a:

Deficits of the Company

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Share-based payment capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2020	913,906	133,424	21,082	(1,110,934)	(42,522)
Loss and total comprehensive expense for the year	–	–	–	(11,926)	(11,926)
Lapsed share option	–	–	(21,082)	21,082	–
Shares option granted under share option scheme	–	–	8,976	–	8,976
Capital injection by a shareholder	–	3,200	–	–	3,200
As at 31 March 2021 and 1 April 2021	**913,906**	**136,624**	**8,976**	**(1,101,778)**	**(42,272)**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(2,351)**	**(2,351)**
As at 31 March 2022	**913,906**	**136,624**	**8,976**	**(1,104,129)**	**(44,623)**

Note:

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

30. CAPITAL MANAGEMENT

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

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

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

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

	2022 HK$'000	2021 HK$'000
Total liabilities	**22,746**	24,091
Equity	**140,752**	158,173
Gearing ratio	**16.2%**	15.2%

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets measured at amortised cost		
– Trade and other receivables (exclude prepayments)	**47,241**	66,919
– Cash and bank balances	**35,758**	18,901
	82,999	85,820
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	**9,315**	7,878
– Lease liabilities	**727**	4,033
	10,042	11,911

(b) Financial risk management objectives and polices

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

(c) Market risk

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

Foreign currency risk management

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

31. FINANCIAL INSTRUMENTS *(continued)*

(c) Market risk *(continued)*

Foreign currency risk management *(continued)*

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

	2022 HK$'000	2021 HK$'000
Assets		
US$	**56,957**	19,965
RMB	**20,184**	61,340
Euro	**7**	302
Liabilities		
RMB	**5,272**	3,684
Net assets		
US$	**56,957**	19,965
RMB	**14,912**	57,656
EUR	**7**	302

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

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

	Increase/ (decrease) in RMB rate %	**2022 Increase/ (decrease) in loss HK$'000**	2021 Increase/ (decrease) in loss HK$'000
If HK$ weakens against RMB	5	**746**	2,883
If HK$ strengthens against RMB	(5)	**(746)**	(2,883)

	Increase/ (decrease) in EUR rate %	**2022 Increase/ (decrease) in loss HK$'000**	2021 Increase/ (decrease) in loss HK$'000
If HK$ weakens against EUR	5	–	15
If HK$ strengthens against EUR	(5)	–	(15)

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures do not reflect the exposure during the year ended 31 March 2022. The analysis is performed on the same basis in 2021.

31. FINANCIAL INSTRUMENTS *(continued)*

(d) Credit risk management

As at 31 March 2022 and 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

At the end of reporting period, the Group has a certain concentration of credit risk as 46% (2021: 77%) and 93% (2021: 99%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively within the Integrated Fashion Accessories Business segment. In order to minimise the credit risk, the management continuously monitor the level of exposure to ensure that follow up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk on the remaining trade receivables, with exposure spread over a number of counterparties and customers.

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

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

31. FINANCIAL INSTRUMENTS *(continued)*

(d) Credit risk management *(continued)*

(a) Trade receivables

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

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

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
As at 31 March 2022			
Current	**0.38%**	**13,029**	**50**
0-30 days past due	**2.29%**	**223**	**5**
31 – 60 days past due	**7.58%**	**2,437**	**185**
61 – 365 days past due	**16.74%**	**18,336**	**3,068**
Over 1 year past due	**100%**	**436**	**436**
		34,461	**3,744**
As at 31 March 2021			
Current	0.25%	15,474	39
0-30 days past due	1.46%	–	–
31 – 60 days past due	4.82%	624	30
61 – 365 days past due	10.98%	875	96
Over 1 year past due	100%	206	206
		17,179	371

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

31. FINANCIAL INSTRUMENTS *(continued)*

(d) Credit risk management *(continued)*

(b) Other receivables

The ECLs of other receivables are based on the 12-month ECLs that results from default events that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since its initial recognition, the loss allowance will be based on life-time ECLs. When determining whether the credit risk has been increased significantly since its initial recognition, the Group considers reasonable and supportable information that is relevant, including both quantitative and qualitative information and analysis with reference to the Group's historical experience and informed credit assessment with forward-looking information. As at 31 March 2022, accumulated impairment loss on other receivables have been recognised at approximately of HK$167,000 (2021: HK$506,000).

(e) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Group's operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or within 1 year	More than 1 year but less than 5 years	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2022					
Trade and other payables	–	**6,230**	–	**6,230**	**6,230**
Lease liabilities	**4.78 %**	**485**	**309**	**794**	**727**
Other tax payables	–	**3,085**	–	**3,085**	**3,085**
		9,800	**309**	**10,109**	**10,042**
At 31 March 2021					
Trade and other payables	–	4,782	–	4,782	4,782
Lease liabilities	4.83 %	1,578	3,085	4,663	4,033
Other tax payables	–	3,096	–	3,096	3,096
		9,456	3,085	12,541	11,911

(f) Fair value measurement of financial instruments

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

32. SUBSIDIARIES

The following list contains the particular of the Company's subsidiaries as at 31 March 2022, all are private limited liability company and the class of shares held is ordinary unless otherwise stated:

Name of company	Place of incorporation/ establishment	Place of operation	Percentage of equity attributable to the Company		Proportion of voting power held by the Company		Issued and fully paid-up/ registered capital	Principal activities
			2022	2021	2022	2021		
Directly held by the Company								
Artist Star International Development Limited	British Virgin Islands ("BVI")	Hong Kong	100	100	100	100	1,000 ordinary shares of US$1 each	Investment Holding
Indirectly held by the Company								
Artini International Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK$300,000	Retailing of fashion accessories
Artini Sales Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Trading of fashion accessories
Q'ggle Biotech Development Limited (formerly known as Artist Empire Jewellery Mfy. Limited)	Hong Kong	Hong Kong	100	100	100	100	HK$100	Inactive
China Regent Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK$1	Inactive
Gain Trade Enterprise Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100	Provision of management services
Gentleman Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Inactive
Instar International Company Limited	BVI	Hong Kong	100	100	100	100	100 ordinary shares of US$1 each	Investment holding
JCM Holding Limited	BVI	Hong Kong	100	100	100	100	500 ordinary shares of US1 each	Investment holding
King Erich International Development Limited	BVI	Hong Kong	100	100	100	100	300 ordinary shares of US$1 each	Investment holding
Riccardo International Trading Limited	BVI	Hong Kong	100	100	100	100	700 ordinary shares of US$1 each	Investment holding
Shenzhen Link Vision Information Technology Co., Ltd. (note (a))	The PRC	The PRC	100	100	100	100	HK$200,000,000	Retailing of fashion accessories
Primeview Technology Limited	Hong Kong	The PRC	100	100	100	100	HK$170,000	Developing and selling software related to e-commerce
Best Sign Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US$1 each	Inactive
Guangzhou Artini Technology Limited (formerly known as Guangzhou Magic Technology Limited) (note (a))	The PRC	The PRC	100	100	100	100	CNY$1,000,000	Operation of online platforms
Magic B2B Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100,000	Operation of online platforms

Note:

(a) These entities are wholly owned foreign enterprises established in the PRC. The English translation of the Company names is for reference only. The official names of these companies are in Chinese.

33. NOTES SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities:

	Lease liabilities *(Note 17)* HK$'000
At 1 April 2020	865
Changes from cash flows:	
Principal elements of lease payment	(1,654)
Interest paid on lease liabilities	(165)
Total changes from financing cash flows:	(1,819)
Other changes:	
Interest expenses on lease liabilities	165
Addition of lease liabilities	4,667
Exchange adjustments	155
Total other changes	4,987
At 31 March 2021 and 1 April 2021	4,033
Changes from cash flows:	
Principal elements of lease payment	**(1,303)**
Interest paid on lease liabilities	**(165)**
Total changes from financing cash flows:	**(1,468)**
Other changes:	
Interest expenses on lease liabilities	**165**
Addition of lease liabilities	**199**
Effect of lease modification	**(2,233)**
Covid-19-related rent concessions	**(54)**
Exchange adjustments	**85**
Total other changes	**(1,838)**
At 31 March 2022	**727**