

# Artini Holdings Limited 雅天妮集團有限公司

( Incorporated in the Bermuda with limited liability )

Stock Code : 789



2019/20  
ANNUAL REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tse Hoi Chau (*Chairman*)  
Mr. Lin Shao Hua  
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 (*ACIS, ACS (PE)*)

## AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau  
Ms. Ho Wing Yan (*ACIS, ACS (PE)*)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

Unit D, 16/F  
Eton Building  
288 Des Voeux Road Central  
Sheung Wan  
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](http://www.artini.com.hk)

## Chairman's Statement



### **ARTINI**

EMBRACES THE  
PHILOSOPHY  
OF LIFE PERFECTION,  
WHEREIN WE GRATIFY NOT  
ONLY THE SENSES,  
BUT THE PHYSIQUE,  
THE SOUL AND  
THE SPIRITS OF OUR  
VALUABLE CUSTOMERS.

### 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 2020 (the "Year") to all shareholders of the Company (the "Shareholders").

### RESULTS

During the Year, the Group recorded a total revenue of approximately HK\$227,568,000 (2019: HK\$271,287,000). Gross profit was approximately HK\$55,575,000 (2019: HK\$85,966,000) for the Year and profit for the Year amounted to approximately HK\$10,981,000 (2019: HK\$31,043,000).

### BUSINESS REVIEW

The Group mainly engaged in fashion accessories business.

Due to the change in customers' shopping behavior in the People's Republic of China (the "PRC") and to minimise incurring of fixed costs in operating brick and mortar shops, in recent years the Group has gradually shifted its business strategy in the fashion accessories business from operating physical retail shops to distribution via other channels such as online platforms. Since September 2016, the Group closed down all its retailing points. In late 2017, the Group commenced the wholesale of fashion accessories products through the self-operated online platform (the "Online Wholesale Platform"), and the development of its new business model of integrated fashion accessories platform business.

The integrated fashion accessories platform business is an all-rounded business model, combining online and offline sales channels, reaching out to the widest range of customers, both in the PRC and internationally, and providing comprehensive products to them. Under the new business model, fashion accessories products are manufactured by third party manufacturers, and sold through different online channels and distributed in retail points operated by the Group's strategic partners. The Group considers that this business model benefit the most to the Group as it requires less capital commitment, less overheads and promotes better liquidity.

The Online Wholesale Platform is the major sales channel of the revitalised fashion accessories business. The Group is of the view that more and more customers would increase their reliance on placing purchase orders online as this would allow them to react more swiftly to the change of market trends as well as better control of cost as, among others, their merchandising divisions could reduce physical visits to various suppliers for viewing samples and negotiate price.

Apart from the Online Wholesale Platform, the Group conducted wholesales by traditional offline channels, including the trading of fashion accessories products with the PRC-based customers and overseas customers. Furthermore, the Group distributed its fashion accessories products through various third-party retail online platforms such as the Vipshop (唯品會), Tmall (天貓) and JD (京東), and distributorship and consignment arrangements with strategic partners to retail customers in Hong Kong and the PRC.

During the Year, the Group's fashion accessories business generated revenue of approximately HK\$227,568,000 (2019: HK\$271,287,000), representing a drop of approximately 16.1% as a result of the outbreak of novel coronavirus (COVID-19) epidemic (the "Epidemic").



## Chairman's Statement

Since the outbreak and the spread of the Epidemic globally in early 2020, many countries have implemented emergency public health measures and various actions to prevent the spread of the Epidemic, including, among others, imposing conditions and restrictions on enterprises to resume work after the Chinese New Year holidays and controlling the movement of people and goods by the PRC government, as well as the travel restrictions and 'lockdowns' imposed by other countries. The normal operations of the Group's businesses and the logistics network for the delivery of goods have been affected, sales order and sales volumes of fashion accessories products was also deferred and decreased. The Group has been maintaining close communication with its customers to adjust delivery schedules as and when appropriate and to minimise any negative economic impact on various sides.

### PROSPECTS

Next year will remain to be challenging to the Group's business due to the spread of the Epidemic on most populated continents including the United States and Europe, which the distribution channels of the Group are highly dependent on. Epidemic will decrease the overall business activities, dampened consumer sentiment and slowdown the global economy generally, adding uncertainties to the Group. The Group will adopt a pragmatic and prudent approach for its business and implement tightened cost control to cope with the volatile business environment.

Moving forward, the Group will continue its current multi-channels, multi-products strategy to satisfy different purchase habits of different customers at different locations. The Group will keep exploring and launching new types of services and provide wider variety of products to customers through third-party suppliers with input from its own design team.

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 Group is rebranding "ARTINI" and will continue to perform various marketing and promotion activities through both online and offline channels. The Group believes the promotion initiatives will enhance the brand awareness which will in turn boost the development of the integrated fashion accessories platform business.

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.

Looking forward, the Group will continue to evaluate the current business strategies and explore suitable business opportunities to create and nurture new profit growth drivers which in time will bring sustainable and stable development to the Group, and in return safeguard the interest of the shareholders of the Company.

### 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, 26 June 2020

# Five-Year Financial Highlights

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

	For the year ended 31 March				
	2020	2019	2018	2017	2016
Revenue	<b>227,568</b>	271,287	59,719	14,847	46,907
Gross profit	<b>55,575</b>	85,966	21,073	5,831	1,572
Profit/(loss) for the year	<b>10,981</b>	31,043	(145,039)	(14,390)	(100,030)
Non-current assets	<b>35,112</b>	34,907	34,858	195,412	55,927
Current assets	<b>163,860</b>	173,079	122,994	89,301	50,789
Current liabilities	<b>37,063</b>	49,472	25,604	13,122	49,006
Net current assets	<b>126,797</b>	123,607	97,390	76,179	1,783
Total assets less current liabilities	<b>161,909</b>	158,514	132,248	271,591	57,710
Total equity	<b>161,904</b>	158,500	132,180	271,369	57,319
Gross profit margin (%)	<b>24.4</b>	31.7	35.3	39.3	3.4
Net profit/(loss) margin (%)	<b>4.8</b>	11.4	(242.9)	(96.9)	(213.2)
Basic and diluted earnings/(loss) per share (HK\$)	<b>0.002</b>	0.006	(0.026)	(0.004)	(0.040)
Current ratio (X)	<b>4.4</b>	3.5	4.8	6.8	1.0
Return on equity (%)	<b>6.8</b>	19.6	(109.7)	(5.3)	(174.5)
Return on assets (%)	<b>5.5</b>	14.9	(91.9)	(5.1)	(93.7)



# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue of the Group for the Year amounted to approximately HK\$227,568,000 (2019: HK\$271,287,000), representing a decrease of approximately 16.1% from that of 2019. The decrease in the Group's revenue during the Year was mainly due to the outbreak of Epidemic in January 2020 with the decrease in the total number of customers and transactions. Details of which are as set out under the section headed "Business Review" on pages 5 and 6 of this report.

### Gross profit

The Group's gross profit for the Year was approximately HK\$55,575,000 (2019: HK\$85,966,000), representing a decrease of approximately 35.4%. The decrease is mainly attributable to the decrease in revenue resulted from the impact of Epidemic and the increase in the unit cost of products from product upgrade and packaging improvement without charging customers a higher price.

### Net gains on disposals of subsidiaries

The Group's net gains on disposals of subsidiaries for the Year ended 31 March 2019 of approximately HK\$7,577,000 represented a gain on disposal of 100% equity interest in Huan Hai Limited ("HHL") of approximately HK\$8,500,000, net off against a loss on disposal of 100% equity interest in Ho Easy Limited of approximately HK\$923,000. No such gain for the Year as the Group has no disposals of subsidiaries during the Year.

### Selling and distribution expenses

The Group's selling and distribution expenses for the Year was approximately HK\$17,349,000 (2019: HK\$22,032,000), representing a decrease of approximately 21.3%. The decrease in the Group's selling and distribution expenses during the Year was mainly attributable to the decrease in the distribution costs such as logistics and shipping costs and the marketing and promotion expenses for the Group's fashion accessories business in the Year, and is in line with the decrease in the Group's revenue.

### Administrative expenses

The Group's administrative expenses for the Year was approximately HK\$25,210,000 (2019: HK\$29,320,000), representing a decrease of approximately 14.0%. The decrease in the Group's administrative expenses was mainly attributable to the absence of consultancy fee paid for the disposal of HHL of approximately HK\$3.3 million recognised in last financial year and the management's effort to adopt a series of effective cost control measures.

### Profit for the Year

As a result of the foregoing, the Group's profit for the Year was approximately HK\$10,981,000 (2019: HK\$31,043,000).

## DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2019: Nil).

# Management Discussion and Analysis

## 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 2020 and 2019, 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 2020, the Group had 48 employees (2019: 57), and the total staff cost including Directors' emoluments amounted to approximately HK\$9,419,000 (2019: HK\$9,642,000). To enhance the expertise, product knowledge, marketing skills and overall operational management skills of its employees, the Group organised regular training and development courses for its employees, and provided them with a competitive remuneration package, including salary, allowance, insurance, commission and bonus. Meanwhile, in order to create a harmonious and family-like working atmosphere, the Group emphasises on communication with employees and continually developing paths for staff promotion. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

# Management Discussion and Analysis

## 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 2020, the Group had cash and cash equivalents of approximately HK\$49,042,000 (2019: HK\$88,328,000). As at 31 March 2020 and 2019, 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 22.9% as at 31 March 2020 (2019: 31.2%).

## CAPITAL COMMITMENTS

As at 31 March 2020 and 2019, the Group did not have any significant capital commitments.

## CONTINGENT LIABILITIES

As at 31 March 2020 and 2019, the Group had no significant contingent liabilities.

## EVENTS AFTER THE YEAR

Save as disclosed in note 37 to the consolidated financial statements, up to the date of this annual report, there was no significant event subsequent to 31 March 2020.

## PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The business operations and results of the Group may be affected by various factors, some of which are beyond the Group's control, the following 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 25.1% 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 Russia and America, which accounted for approximately 80.6% 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.



## Management Discussion and Analysis

The integrated fashion accessories platform business in the PRC is highly fragmented with thousands of suppliers and competitive while there are no dominant player with significant market share currently. Affected by the rapid development of e-commerce global wide. It is anticipated that the Group will face increasingly competitive challenges and the competitors may have greater financial, marketing or other relevant resources compared to the Group. The pricing strategies of the competitors may affect the selling price of the Group's products which may result in a decrease in the Group's revenue or profitability.

In order to strengthen the business relationships with the major customers, the Group has entered into master purchase agreements with a number of 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. The Group will also continue to review the competitive edges of the Group in the industry and track the changing customers tastes and preferences and market trends 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. 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 conducts review and assessment on the Group's suppliers periodically to ensure stable supply source of products. 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 of Online Wholesale Platform. The Group also established a set of factory qualification assessment standards to require each supplier to conduct regular qualification review. In the event that the Group identify any suppliers whose qualification level is not up to standard, actions will be taken to replace those suppliers.

## Management Discussion and Analysis

### 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 through 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. However, the Group cannot assure that the customers would not be able to identify the suppliers of the products they ordered from the Online Wholesale Platform and proceed to order from the suppliers directly without going through the Platform.

In order to differentiate the Group's position from merely a middleman, the Group provides unique services to the customers through the Online Wholesale Platform. The platform products are updated regularly and in a timely manner by a team of staff responsible for selecting new products and keeping up with global fashion trends. Hundreds of new products are launched every week with diversified styles. The Group will continue to make efforts to improve the services provided from the Online Wholesale Platform and enhance the shopping experience of customers with a view to attracting and retaining customers.

### 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 25.1% of the total revenue for the Year. These customers are wholesalers and trading companies engaging in sales of fashion accessories products to overseas markets and all of them are based in Hong Kong, and had business relationship with the Group for approximately 5 years on average.

Through years of operating the fashion accessories business, the Group has established a wide and loyal customer base in the industry. Some of these customers who have acquainted with the senior management members of the Group for a long time, have started purchasing from the Online Wholesale Platform and became major customers of the integrated fashion accessories platform business. The Group keeps a key customer database for direct communications with these key customers and prompt notification of different types of promotions and sales campaign. In addition to recurring customers, the Group also sources new global customers through digital marketing such as different search engine, coupled with traditional market means such as participating in physical exhibitions.

# Management Discussion and Analysis

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 2020 are set out in note 21 to the consolidated financial statements. As at the date of this report, over 25% of the trade receivables of the Group as at 31 March 2020 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 63.3% 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 2 years on average.

In order to established 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 2020 are set out in note 23 to the consolidated financial statements. As at the date of this report, over 60% of the trade payables of the Group as at 31 March 2020 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.



## Management Discussion and Analysis

### 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.

## Management Discussion and Analysis

Use of proceeds from Placing	Intended use of net proceeds from Placing (Approximate)	Unutilised net proceeds from Placing as at 31 March 2019 (Approximate)	Utilised net proceeds from Placing for the Period (Approximate)	Unutilised net proceeds from Placing as at 31 March 2020 (Approximate)	Revised use of unutilised net proceeds from placing (Approximate)
		HK\$27.8 million	–	HK\$27.8 million	–
Development of software applications and/or mobile gaming applications, and/or acquire related technological company(ies)	HK\$27.8 million	HK\$27.8 million	–	HK\$27.8 million	–
Marketing and promotion for the mobile gaming applications	HK\$11.9 million	HK\$11.9 million	–	HK\$11.9 million	–
Development of self-operated online platform	–	–	–	–	HK\$11.9 million
Enhancement of brand recognition and awareness	–	–	–	–	HK\$11.9 million
General corporate purposes and working capital	–	–	–	–	HK\$15.9 million

The unutilised net proceeds from Placing as at 31 March 2020 were deposited with Hong Kong licensed banks.

Due to the changes in the Group's business strategies and its focus on the integrated fashion accessories platform business, the development of the software business and related software applications and/or mobile gaming applications were suspended. The remaining unutilised net proceeds from Placing would tentatively be set aside and deposited with Hong Kong licensed banks until the emergence of other business development opportunities.

The Directors will constantly evaluate the Group's business objectives and the changing market condition to bring sustainable development to the Group. In the event that the Directors consider it necessary to further change the use of net proceeds from the Placing, the Company will make an appropriate announcement in accordance with the relevant provisions of the Listing Rules.

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.

## Management Discussion and Analysis

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.

### FULFILLMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

Since all the resumption conditions imposed by the Stock Exchange on the Company have been fulfilled, the Company made an application to the Stock Exchange for the resumption of trading in its shares on the Stock Exchange and trading was resumed with effect from 9:00 a.m. on 5 July 2019.



# Biographical Details of Directors

## DIRECTORS

### Executive Directors

**Mr. TSE Hoi Chau (“Mr. Tse”)**, aged 53, was appointed as the chairman of the Board, 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 a member of the Standing Committee of the People’s Political Consultative Conference of Shanwei City, Guangdong Province, a committee member of the People’s Political Consultative Conference of Liwan District, Guangzhou City, Guangdong Province, the deputy-chairman of the Gems & Jewellery Trade Association of China, and the deputy-chairman of the Guangdong Chamber of Private Enterprise. Mr. Tse is the spouse of Ms. Yu Zhonglian, an executive Director, the father of MR. Tse Kin Lung, an executive Director and Chief Executive and the brother-in-law of Mr. Lin Shao Hua, an executive Director.

**Mr. LIN Shao Hua (“Mr. Lin”)**, aged 60, was appointed as an executive Director on 28 June 2013. He has extensive experience in managing the manufacturing of jewellery. He was a member of the Hai Feng County Committee of the Chinese People’s Political Consultative Conference (海豐縣政協委員) in 2006. Mr. Lin was an executive Director from 17 July 2009 to 31 October 2011. Mr. Lin is the brother-in-law of Mr. Tse Hoi Chau.

**Ms. YU Zhonglian (“Ms. Yu”)**, aged 53, 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 and the mother of Mr. Tse Kin Lung.

**Mr. TSE Kin Lung (“Mr. Jeff Tse”)**, aged 28, 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 of the Board and Ms. Yu Zhonglian, an executive Director and the nephew of Mr. Lin Shao Hua, an executive Director. Mr. Jeff Tse is currently a director of certain subsidiaries of the Company, namely, Artini International Company Limited, Artist Empire Jewellery Mfy. Limited, Artini Sales Company Limited, China Regent Investments Limited, Gentleman Investments Limited, Gain Trade Enterprise Limited, Magic B2B Limited and Primeview Technology Limited.

## Biographical Details of Directors

### Independent Non-executive Directors

**Mr. LAU Fai Lawrence (“Mr. Lawrence Lau”)**, aged 48, 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 and fellow member of the Association of Chartered Certified Accountants in the UK. 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 HKBridge Financial Holdings Limited (formerly known as China HKBridge Holdings

Limited) (Stock Code: 2323) since March 2016, an independent non-executive director of Tenwow International Holdings Limited (Stock Code: 1219) since November 2018, 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 Energin 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 60, 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.



## Biographical Details of Directors

**Mr. Ma Sai Yam (“Mr. Ma”)**, aged 56, 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. Since May 2015, Mr. Ma has been an independent non-executive director of Golden Power Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 3919) and transferred from GEM of the Stock Exchange (stock code: 8038) on 10 November 2017. Since October 2016, he has also been an independent non-executive director of Jiande International Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 865).



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules. Save as disclosed below, the Company has complied with all the provisions in the CG Code during the year ended 31 March 2020.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 21 June 2013 onwards, the roles of chairman and chief executive of the Company (the "Chief Executive") were performed by Mr. Tse Hoi Chau.

The Board considers that vesting the roles of chairman of the Board and Chief Executive in the same individual is beneficial to the business prospects and management of the Company. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented.

The Company has re-complied with code provision A.2.1 of the CG Code when Mr. Tse Hoi Chau stepped down as the Chief Executive and Mr. Tse Kin Lung was appointed as the Chief Executive on 8 August 2019.

## 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 2020.

## BOARD OF DIRECTORS

### Composition

As at 31 March 2020, the Board comprised four executive Directors and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2020 and up to the date of this report are as follows:

### Executive Directors

Mr. Tse Hoi Chau (*Chairman*)  
Mr. Lin Shao Hua  
Ms. Yu Zhonglian  
Mr. Leung Yiu Cho (*Note 1*)  
Mr. Tse Kin Lung (*Chief Executive*) (*Note 2*)

### Independent Non-executive Directors

Mr. Lau Fai Lawrence  
Mr. Lau Yiu Kit  
Mr. Zeng Zhaohui (*Note 3*)  
Mr. Ma Sai Yam (*Note 4*)

#### Notes:

1. Mr. Leung Yiu Cho has resigned as an executive Director with effect from 4 September 2019 due to his intention to concentrate on other business commitments.
2. Mr. Tse Kin Lung was appointed as the Chief Executive and an executive Director on 8 August 2019 and 27 August 2019, respectively.

3. Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.
4. Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.

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.

# Corporate Governance Report

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

- |  |   |
|--|---|
| <p>(a) to develop and review the Company's policies and practices on corporate governance;</p> <p>(b) to review and monitor the training and continuous professional development of Directors and senior management;</p> <p>(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;</p> <p>(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and</p> <p>(e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.</p> | <p>(1) reviewed the existing policies and practices on corporate governance;</p> <p>(2) reviewed and monitored the company's policies and practices on compliance with legal and regulatory requirements;</p> <p>(3) reviewed the effectiveness of the internal control system;</p> <p>(4) reviewed compliance with the CG Code and disclosure in the Corporate Governance Report; and</p> <p>(5) reviewed and monitored the continuous professional development and training of the Directors.</p> |
|--|---|

Throughout the Year, 7 Board meetings and one annual general meeting were held. Details of the attendance of Directors are as follows:

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

Name of the Directors	Number of Board meetings attended/held	Number of annual general meeting attended/held
<b>Executive Directors</b>		
Mr. Tse Hoi Chau	7/7	1/1
Mr. Lin Shao Hua	7/7	1/1
Ms. Yu Zhonglian	7/7	1/1
Mr. Leung Yiu Cho ( <i>Note 1</i> )	5/5	1/1
Mr. Tse Kin Lung ( <i>Note 2</i> )	3/3	N/A
<b>Independent Non-executive Directors</b>		
Mr. Lau Fai Lawrence	7/7	1/1
Mr. Lau Yiu Kit	7/7	1/1
Mr. Zeng Zhaohui ( <i>Note 3</i> )	7/7	1/1
Mr. Ma Sai Yam ( <i>Note 4</i> )	N/A	N/A

*Notes:*

- Mr. Leung Yiu Cho has resigned as an executive Director with effect from 4 September 2019 due to his intention to concentrate on other business commitments.
- Mr. Tse Kin Lung was appointed as the Chief Executive and an executive Director on 8 August 2019 and 27 August 2019, respectively.
- Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.
- Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.



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

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 21 June 2013 onwards, the roles of chairman and Chief Executive were performed by Mr. Tse Hoi Chau.

The Board considers that vesting the roles of chairman of the Board and Chief Executive in the same individual is beneficial to the business prospects and management of the Company. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented.

The Company has re-complied with code provision A.2.1 of the CG Code when Mr. Tse Hoi Chau stepped down as the Chief Executive and Mr. Tse Kin Lung was appointed as the Chief Executive on 8 August 2019.

## 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 commencing on 29 June 2018. 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.

# Corporate Governance Report

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

Directors	Training organised by professional organizations	Updating on new rules and regulations
<b>Executive Directors</b>		
Mr. Tse Hoi Chau	√	√
Mr. Lin Shao Hua	√	√
Ms. Yu Zhonglian	√	√
Mr. Leung Yiu Cho ( <i>Note 1</i> )	√	√
Mr. Tse Kin Lung ( <i>Note 2</i> )	N/A	N/A
<b>Independent Non-executive Directors</b>		
Mr. Lau Fai Lawrence	√	√
Mr. Lau Yiu Kit	√	√
Mr. Zeng Zhaohui ( <i>Note 3</i> )	√	√
Mr. Ma Sai Yam ( <i>Note 4</i> )	N/A	N/A

Notes:

1. Mr. Leung Yiu Cho has resigned as an executive Director with effect from 4 September 2019 due to his intention to concentrate on other business commitments.
2. Mr. Tse Kin Lung was appointed as the Chief Executive and an executive Director on 8 August 2019 and 27 August 2019, respectively.
3. Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.
4. Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.

## 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 2020, 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 profit and exposures.

# Corporate Governance Report

During the Year, two 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)	2/2
Mr. Lau Yiu Kit	2/2
Mr. Zeng Zhaohui*	2/2
Mr. Ma Sai Yam**	N/A

\* Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.

\*\* Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.

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 2019, 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 2020, 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, three Remuneration Committee meetings were held and details of the members' attendance of the Remuneration Committee meetings are as follows:

Name of the Members	Members' Attendance
Mr. Zeng Zhaohui (Chairman)*	3/3
Mr. Tse Hoi Chau	3/3
Mr. Lau Fai Lawrence	3/3
Mr. Lau Yiu Kit	3/3
Mr. Ma Sai Yam**	N/A



# Corporate Governance Report

- \* Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.
- \*\* Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.

For the year ended 31 March 2020, 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"). The

purpose of the 2008 Share Option Scheme is 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 2020, 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, three Nomination Committee meetings was held and details of the members' attendance of the Nomination Committee meetings are as follows:

Name of the Members	Members' Attendance
Mr. Lau Fai Lawrence (Chairman)	3/3
Mr. Tse Hoi Chau	3/3
Mr. Lau Yiu Kit	3/3
Mr. Zeng Zhaohui*	3/3
Mr. Ma Sai Yam**	N/A

\* Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.

\*\* Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.

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.

# Corporate Governance Report

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\$'000
Audit services	730,000
Non-audit services	–
	730,000

## 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](http://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.



## Corporate Governance Report

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 Unit D, 16/F., Eton Building, 288 Des Voeux Road Central, Sheung Wan, and such meeting shall be held within two months after the

deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at a general meeting; or (b) are not less than one hundred Shareholders. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's principal place of business in Hong Kong at Unit D, 16/F., Eton Building, 288 Des Voeux Road Central, Sheung Wan.

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.

# Corporate Governance Report

## 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.

# Report of the Directors

## PRINCIPAL PLACE OF BUSINESS

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong and its principal place of business is Unit D, 16/F., Eton Building, 288 Des Voeux Road Central, Sheung Wan, 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 35 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 25.1% (2019: 31.1%) of the total sales for the Year. Purchases from the Group's five largest suppliers accounted for approximately 63.3% (2019: 76.0%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 6.4% (2019: 8.7%) of the total sales and the Group's largest supplier accounted for approximately 18.2% (2019: 30.9%) 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 61.

## RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out on page 63 and the note 32 to the consolidated financial statements respectively.

## CHARITABLE DONATIONS

The Group did not make charitable donation during the Year (2019: 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 26 to the consolidated financial statements.

# Report of the Directors

## DIRECTORS

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

### Executive Directors

Mr. Tse Hoi Chau (*Chairman*)  
Mr. Lin Shao Hua  
Ms. Yu Zhonglian  
Mr. Leung Yiu Cho (*Note 1*)  
Mr. Tse Kin Lung (*Chief Executive*) (*Note 2*)

### Independent Non-executive Directors

Mr. Lau Fai Lawrence  
Mr. Lau Yiu Kit  
Mr. Zeng Zhaohui (*Note 3*)  
Mr. Ma Sai Yam (*Note 4*)

*Notes:*

1. Mr. Leung Yiu Cho has resigned as an executive Director with effect from 4 September 2019 due to his intention to concentrate on other business commitments.
2. Mr. Tse Kin Lung was appointed as the Chief Executive and an executive Director on 8 August 2019 and 27 August 2019, respectively.
3. Mr. Zeng Zhaohui has resigned as an independent non-executive Director with effect from 13 February 2020 due to his intention to concentrate on other business commitments.
4. Mr. Ma Sai Yam was appointed as an independent non-executive Director on 13 February 2020.

Pursuant to Bye-law 86(2) of the bye-laws of the Company (the "Bye-laws"), any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the next annual general meeting of the Company ("AGM") and shall then be eligible for re-election. Accordingly, Mr. Tse Kin Lung and Mr. Ma Sai Yam will retire and, being eligible, offer themselves for re-election at AGM.

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 2020, 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 ordinary shares of HK\$0.01 each in the Company

Name of Directors	Company in which interests are disclosed	Capacity	Number of issued ordinary shares held	Number of shares subject to options granted	Percentage of the issued share capital as at 31 March 2020
Tse Hoi Chau	The Company	Corporate interest	3,525,267,988 <i>(Note 1)</i>	–	63.87%
		Beneficial interest	14,824,000	20,000,000 <i>(Note 2)</i>	0.63%
Lin Shao Hua	The Company	Beneficial interest	–	20,000,000 <i>(Note 2)</i>	0.36%

### Notes:

- These shares are held by Walifax Investments Limited which is wholly and beneficially owned by Mr. Tse Hoi Chau.
- These options were granted by the Company on 9 July 2015 under the share option scheme (the “2008 Share Option Scheme”) adopted by the Company on 23 April 2008.

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.

## Report of the Directors

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

As at 31 March 2020, 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 ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital as at 31 March 2019
Walifax (Note)	Beneficial interest	3,525,267,988	63.87%

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

Save as disclosed above, as at 31 March 2020, 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 200 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. The total number of securities available for issue under the 2008 Share Option Scheme is 284,400,000, representing approximately 5.15% of the issued shares of the Company as at the date of this report. 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.

## Report of the Directors

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

Name of category	Date of grant share options	Outstanding as at 01.04.2019	Number of share options				Outstanding at 31.03.2020	Validity period of share options	Exercise price (HK\$)	
			Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year				
<b>Directors</b>										
Tse Hoi Chau	09.07.2015	20,000,000	-	-	-	-	20,000,000	09.07.2015-08.07.2020	(Note 1)	0.1470
Lin Shao Hua	09.07.2015	20,000,000	-	-	-	-	20,000,000	09.07.2015-08.07.2020	(Note 1)	0.1470
Leung Yiu Cho	09.07.2015	1,000,000	-	-	(1,000,000)	-	-	09.07.2015-08.07.2020	(Note 3)	0.1470
	27.11.2015	15,000,000	-	-	(15,000,000)	-	-	27.11.2015-26.11.2020	(Note 3)	0.1488
<b>Other participants</b>	09.07.2015	20,200,000	-	-	-	-	20,200,000	09.07.2015-08.07.2020	(Note 1)	0.1470
In aggregate	27.11.2015	224,200,000	-	-	-	-	224,200,000	27.11.2015-26.11.2020	(Note 2)	0.1488
		300,400,000	-	-	(16,000,000)	-	284,400,000			

### Notes:

- (1) A maximum of 50% of the total number of share options granted to the grantees may be exercisable immediately after the date of grant. The remaining 50% of the total number of share options granted to the grantees may be exercisable after 8 July 2016.
- (2) A maximum of 50% of the total number of the share options granted to the grantees may be exercisable immediately after the date of grant, and the remaining 50% of the total number of the share options granted to the grantees may be exercisable after 26 November 2016.
- (3) Mr. Leung Yiu Cho has resigned as an executive Director with effect from 4 September 2019 due to his intention to concentrate on other business commitments. His option lapsed on the same day.
- (4) 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.



### 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 551,984,064, 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 9 years. No share option has been granted, exercised, lapsed or cancelled under the 2019 Share Option Scheme up to the date of this report.

## Report of the Directors

### 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 is the beneficial owner holding 3,525,627,988 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 3,525,627,988 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.

### Profit guarantee

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 years ending 31 March 2019 and 31 March 2020 shall be no less than HK\$23.0 million and HK\$24.0 million respectively. 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 ended 31 March 2019 was approximately HK\$32.9 million. As such, the Profit Guarantee in relation to the Adjusted Net Profit for the year ended 31 March 2019 had been fulfilled.

The Adjusted Net Profit for the Year is approximately HK\$20.8 million. Due to the impact of Epidemic, the performance of the Group for the Year 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.

### Financial assistance

In addition, in order to ensure the sufficiency of working capital of the Group's integrated fashion accessories platform business, in October 2018, Mr. Tse also entered into a facility agreement with the Company pursuant to which Mr. Tse shall provide an unsecured revolving loan facility for a period of 24 months from the date of the facility agreement to the Company up to HK\$100,000,000 at an interest rate of 5.25% p.a. for the general working capital of the Group. As confirmed by the Directors, such rate is not less favorable to the rate for potential banking facility that may be available to the Group.

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.

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51(B) of the Listing Rules, the changes of information on Director since the date of the last interim report is set out below:

The terms of Ms. Yu Zhonglian as an executive Director has been renewed for the period from 1 February 2020 to 31 January 2023.

### BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at the end of reporting period are set out in note 25 to the Financial Statements.

### 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 7 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

Particulars of employee retirement benefit schemes of the Group are set out in note 27 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.

### 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.

## Report of the Directors

### 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.

### CHANGE OF COMPANY NAME

Subsequent to the passing of the special resolution approving the Change of Company Name by the Shareholders at the AGM held on 26 August 2019 and the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 28 August 2019, the Board is pleased to announce that the English name of the Company has been changed from "Primeview Holdings Limited" to "Artini Holdings Limited" and "雅天妮集團有限公司" has been adopted as the secondary name of the Company to replace "領視控股有限公司". The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 20 September 2019 confirming the registration of the new name of the Company in Hong Kong under Part XVI of the Companies Ordinance (Chapter 622 of

the Laws of Hong Kong). The stock short name of the Company will be changed from "PRIMEVIEW HLDG" in English and "領視控股" in Chinese to "ARTINI HLDG" in English and "雅天妮集團" in Chinese, for trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 27 September 2019. The stock code of the Company on the Stock Exchange will remain unchanged as "789". The website of the Company will be changed from "www.primeview.com.hk" to "www.artini.com.hk" with effect from 24 September 2019. All announcements, notices or other documents to be submitted by the Company for publication on the Stock Exchange's website will also be published on this new website of the Company. Details of the change of name of the Company were set out in the circular of the Company dated 24 July 2019 and the announcements of the Company dated 23 July 2019, 26 August 2019 and 24 September 2019, respectively.

### AUDITOR

The consolidated financial statements for the year ended 31 March 2017 were audited by Moore Stephens CPA Limited.

The consolidated financial statements for the year ended 31 March 2018, 2019 and 2020 audited by 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, 26 June 2020



# Environmental, Social and Governance Report

## ABOUT THE REPORT

This report published by Artini Holdings Limited (the “Company”) is our annual Environmental, Social and Governance Report (the “Report”) for the year ended 31 March 2020 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.

### Reporting Period and Scope

The reporting period of this Report covers the period from 1 April 2019 to 31 March 2020 (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.

### 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](mailto:info@artini.com.hk).

# Environmental, Social and Governance Report

## 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 2020, the Online Platform has over 140,000 registered members spreading over more than 200 countries and regions globally.

Apart from the Online Platform, the Group also conducted wholesales by traditional offline channels, including the trading of fashion accessories products with the PRC-based customers and overseas customers. Furthermore, the Group reintroduced the retail business through various retail and distribution channels including third-party retail online platforms such as the Vipshop (唯品會), Tmall (天貓) and JD (京東), and distributorship and consignment arrangements with strategic partners to retail customers in Hong Kong and the PRC.

# Environmental, Social and Governance Report

## SUSTAINABLE DEVELOPMENT VISION

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.

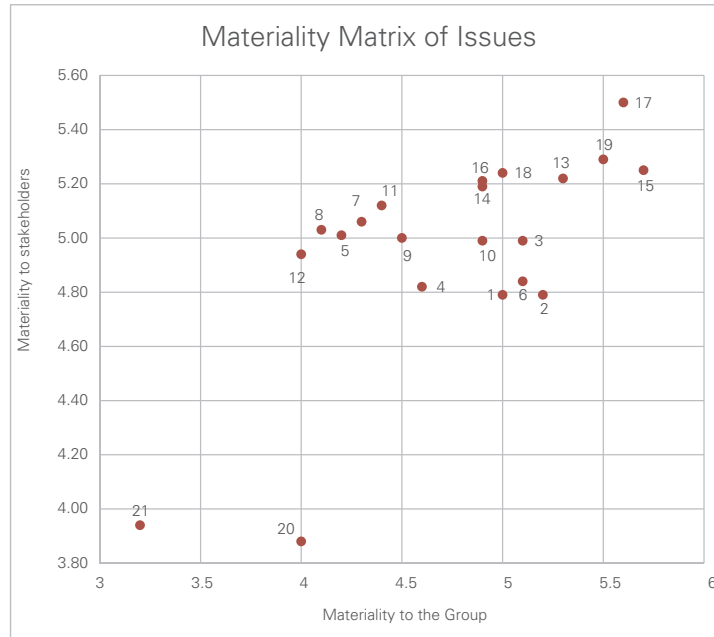
## STAKEHOLDER ENGAGEMENT

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:

# Environmental, Social and Governance Report



## ISSUE NO.

Quality of Working Environment	Environmental Protection and Green Operations	Operating Practices
<ul style="list-style-type: none"> <li>1. Diversity and Equal Opportunity</li> <li>2. Employment Relationships</li> <li>3. Occupational Safety and Health</li> <li>4. Training and Development</li> <li>5. Child Labour and Forced Labour Prevention</li> <li>6. Staff Benefits</li> </ul>	<ul style="list-style-type: none"> <li>7. Greenhouse Gas Emissions</li> <li>8. Air Emissions</li> <li>9. Saving electricity and water</li> <li>10. Use of Resources</li> <li>11. Wastes Handling</li> <li>12. Green Procurement</li> </ul>	<ul style="list-style-type: none"> <li>13. Supplier Management</li> <li>14. Supplier Environmental and Social Performance Assessments</li> <li>15. Integrity</li> <li>16. Disaster Emergency Plan</li> </ul>
Business Operations	Community Contribution	
<ul style="list-style-type: none"> <li>17. Quality of Services</li> <li>18. Complaint Handling</li> <li>19. Privacy Protection</li> </ul>	<ul style="list-style-type: none"> <li>20. Participating in Voluntary Activities</li> <li>21. Charitable Donations</li> </ul>	

## 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》).



# Environmental, Social and Governance Report

## Staff Overview

As of 31 March 2020, the Group employs a total of 48 staff (2019: 57 staff) in the offices of Hong Kong and Guangzhou. The breakdown of workforce by gender, employment type and age as at 31 March 2020 and 2019 are as follow:

	2020		2019	
	Number of staff	% of total	Number of staff	% of total
<b>By gender</b>				
Male	14	29	19	33
Female	34	71	38	67
Total	48	100	57	100
<b>By age group</b>				
18-20	1	2	1	2
21-30	14	29	23	40
31-40	22	46	29	51
41-50	11	23	3	5
Above 50	Nil	Nil	1	2
Total	48	100	57	100
<b>By employment category</b>				
General	37	77	38	67
Middle	11	23	19	33
Total	48	100	57	100

## 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.

# Environmental, Social and Governance Report

## 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.

## 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》).

## 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).

# Environmental, Social and Governance Report

## QUALITY SERVICES

### Caring Services

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

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

### 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.

# Environmental, Social and Governance Report

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.

## 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.



# Environmental, Social and Governance Report

## 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.

## ENVIRONMENTAL PROTECTION

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.

# Environmental, Social and Governance Report

## 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

# Environmental, Social and Governance Report

## Key Environmental Data<sup>1</sup>

	2020	2019	Units
<b>Greenhouse Gas Emissions</b>			
Greenhouse gas emissions in total	<b>132.63</b>	111.38	tonnes CO <sub>2</sub> equivalent
Indirect emissions (Scope 2)	<b>132.63</b>	111.38	tonnes CO <sub>2</sub> equivalent
Greenhouse gas emissions intensity	<b>0.16</b>	0.14	tonnes CO <sub>2</sub> equivalent/m <sup>2</sup>
<b>Non-Hazardous Waste</b>			
Total non-hazardous waste generated	<b>2.20</b>	2.98	tonnes
Other general refuse	<b>2.20</b>	2.98	tonnes
Non-hazardous waste intensity generated	<b>2.68</b>	3.63	kg/m <sup>2</sup>
<b>Electronic Waste</b>			
Total electronic waste generated	<b>0.01</b>	0.02	tonnes
<b>Energy Consumption</b>			
Energy consumption in total	<b>158,520.00</b>	156,113.00	kWh
Purchased electricity	<b>158,520.00</b>	156,113.00	kWh
Energy consumption intensity	<b>193.20</b>	190.26	kWh/m <sup>2</sup>
<b>Water Consumption<sup>2</sup></b>			
Water consumption in total	<b>1,896.00</b>	1,896.00	m <sup>3</sup>
Water consumption intensity	<b>2.31</b>	2.31	m <sup>3</sup> /m <sup>2</sup>

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.

## 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.

During the Reporting Period, there was no legal case regarding corrupt practices brought against the Group or its employees.

# Environmental, Social and Governance Report

## COMMUNITY CONTRIBUTION

We always encouraged 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.

## INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject areas, aspects, general disclosures and KPIs		Section/Declaration	Page(s)
<b>A. Environmental</b>			
<b>Aspects A1: Emission</b>			
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Environmental Protection	48-49
KPI A1.1	The types of emissions and respective emissions data.	Key Environmental Data	50
KPI A1.2	Greenhouse gas emissions in total and intensity.	Key Environmental Data	50
KPI A1.3	Total hazardous waste produced and intensity.	The Group does not produce hazardous waste.	N/A
KPI A1.4	Total non-hazardous waste produced and intensity.	Key Environmental Data	50
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	48-49
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	48-49



## Environmental, Social and Governance Report

Subject areas, aspects, general disclosures and KPIs	Section/Declaration	Page(s)
<b>Aspects A2: Use of Resources</b>		
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note:</i> Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental Protection 48-49
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Key Environmental Data 50
KPI A2.2	Water consumption in total and intensity.	Key Environmental Data 50
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection 48-49
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection 48-49
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group does not use packaging material used for finished products. N/A
<b>Aspects A3: The Environmental and Natural Resources</b>		
	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Based on the nature of the Group's business, the Group has no significant impact on the environment. 48
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not Applicable N/A

# Environmental, Social and Governance Report

Subject areas, aspects, general disclosures and KPIs	Section/Declaration	Page(s)
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspects B1: Employment</b>		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented	43-45
<b>Aspects B2: Health and safety</b>		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	45
<b>Aspects B3: Development and Training</b>		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent-oriented Employment	44
<b>Aspects B4: Labour Standard</b>		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Standards	45

# Environmental, Social and Governance Report

Subject areas, aspects, general disclosures and KPIs	Section/Declaration	Page(s)
<b>Operating Practices</b>		
<b>Aspects B5: Supply Chain Management</b>		
General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management and Quality Assurance	46-47
<b>Aspects B6: Product Responsibility</b>		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Services	46-48
<b>Aspects B7: Anti-corruption</b>		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity	50
<b>Community</b>		
<b>Aspects B8: Community Investment</b>		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Contribution	51

# Independent Auditor's Report



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## To the shareholders of

### **Artini Holdings Limited (formally known as Primeview Holdings Limited)**

*(Incorporated in the Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Artini Holdings Limited (formally known as Primeview Holdings Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 61 to 132, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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



### KEY AUDIT MATTERS

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

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

Refer to Notes 16 and 18 to the consolidated financial statements

The carrying amount of the Group's IFAPB Goodwill and intangible assets as at 31 March 2020 was approximately HK\$2,534,000 and HK\$31,021,000 (2019: HK\$2,534,000 and HK\$31,058,000) 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 losses on the IFAPB Goodwill and intangible assets 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.



# Independent Auditor's Report

## 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, 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.



## Independent Auditor's Report

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, 26 June 2020



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	<i>Notes</i>	<b>2020</b> HK\$'000	2019 HK\$'000
<b>Revenue</b>	6	<b>227,568</b>	271,287
Cost of sales		<b>(171,993)</b>	(185,321)
<b>Gross profit</b>		<b>55,575</b>	85,966
Other income	7	<b>298</b>	444
Other gains and losses, net	8	<b>(68)</b>	(1,915)
Net gains on disposals of subsidiaries	30	<b>–</b>	7,577
Selling and distribution expenses		<b>(17,349)</b>	(22,032)
Administrative expenses		<b>(25,210)</b>	(29,320)
Finance costs	9	<b>(75)</b>	(7)
<b>Profit before income tax</b>	10	<b>13,171</b>	40,713
Income tax expense	13	<b>(2,190)</b>	(9,670)
<b>Profit for the year</b>		<b>10,981</b>	31,043
<b>Other comprehensive expense:</b>			
<b>Items that may be reclassified subsequently to profit and loss:</b>			
Exchange differences arising on translation of foreign operations		<b>(7,577)</b>	(4,723)
Other comprehensive expense for the year, net of income tax		<b>(7,577)</b>	(4,723)
<b>Total comprehensive income for the year</b>		<b>3,404</b>	26,320
<b>Earnings per share</b>			
– Basic and diluted (HK\$)	14	<b>0.002</b>	0.006

# Consolidated Statement of Financial Position

At 31 March 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	816	1,315
Goodwill	16	2,534	2,534
Right-of-use assets	17	741	–
Intangible assets	18	31,021	31,058
		<b>35,112</b>	34,907
<b>CURRENT ASSETS</b>			
Inventories	20	64,345	37,492
Trade and other receivables	21	50,473	46,986
Amount due from a director		–	273
Cash and bank balances	22	49,042	88,328
		<b>163,860</b>	173,079
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	7,880	29,954
Contract liabilities	24	9,164	503
Lease liabilities	17	865	–
Income tax payable		19,154	18,970
Obligations under finance lease	25	–	45
		<b>37,063</b>	49,472
<b>NET CURRENT ASSETS</b>		<b>126,797</b>	123,607
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>161,909</b>	158,514
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities	19	5	14
		<b>5</b>	14
<b>NET ASSETS</b>		<b>161,904</b>	158,500
<b>CAPITAL AND RESERVES</b>			
Share capital	26	55,198	55,198
Reserves		106,706	103,302
<b>TOTAL EQUITY</b>		<b>161,904</b>	158,500

Approved and authorised for issue by the board of directors on 26 June 2020.

**Tse Hoi Chau**  
*Director*

**Lin Shao Hua**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000 <i>(Note (A))</i>	Translation reserve HK\$'000	PRC statutory reserves HK\$'000 <i>(Note (B))</i>	Share-based payment capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2018	55,198	913,906	(19,518)	25,828	9,436	35,993	(888,663)	132,180
Profit for the year	-	-	-	-	-	-	31,043	31,043
Other comprehensive expense for the year, net of income tax	-	-	-	(4,723)	-	-	-	(4,723)
Disposals of subsidiaries	-	-	(97)	-	-	-	97	-
Total comprehensive (expense)/income for the year	-	-	(97)	(4,723)	-	-	31,140	26,320
Lapsed share options	-	-	-	-	-	(13,736)	13,736	-
As at 31 March 2019 and 1 April 2019	55,198	913,906	(19,615)	21,105	9,436	22,257	(843,787)	158,500
Profit for the year	-	-	-	-	-	-	10,981	10,981
Other comprehensive expense for the year, net of income tax	-	-	-	(7,577)	-	-	-	(7,577)
Total comprehensive (expense)/income for the year	-	-	-	(7,577)	-	-	10,981	3,404
Lapsed share options	-	-	-	-	-	(1,175)	1,175	-
As at 31 March 2020	55,198	913,906	(19,615)	13,528	9,436	21,082	(831,631)	161,904

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

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 (2019: 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. Legal reserve

Pursuant to the Macao Commercial Code, the Company's subsidiary incorporated in Macao is required to appropriate 25% of net profit to legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. The Group is disposed the subsidiary in Year 2019, none the legal reserve is distributable to equity holders of 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 2020

	2020 HK\$'000	2019 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	13,171	40,713
Adjustments for:		
Depreciation of property, plant and equipment	513	625
Depreciation of right-of-use assets	1,069	–
Amortisation of intangible assets	37	36
Finance costs recognised in profit or loss	75	7
Interest income recognised in profit or loss	(81)	(204)
Net gains on disposals of subsidiaries	–	(7,577)
Gain on disposal of property, plant and equipment	–	(110)
Operating cash flows before changes in working capital	14,784	33,490
Increase in inventories	(30,129)	(35,716)
(Increase)/decrease in trade and other receivables	(6,738)	26,376
(Decrease)/increase in trade and other payables	(20,837)	26,443
Increase in contract liabilities	8,929	503
Cash (used in)/generated from operations	(33,991)	51,096
Income taxes paid	(1,133)	–
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(35,124)</b>	<b>51,096</b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from disposals of property, plant and equipment	–	110
Repayment from/(advance to) a director	273	(273)
Purchase of property, plant and equipment	(37)	(750)
Interest received	81	204
Disposals of subsidiaries, net of cash disposed (Note 30)	–	(1,861)
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>317</b>	<b>(2,570)</b>
<b>FINANCING ACTIVITIES</b> (Note 36)		
Repayment to a director	–	(258)
Repayments of obligations under finance lease	(45)	(177)
Interest paid on obligations under finance lease	–	(7)
Principal elements of lease payments	(1,190)	–
Interest paid on lease liabilities	(75)	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,310)</b>	<b>(442)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(36,117)</b>	<b>48,084</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>88,328</b>	<b>45,033</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(3,169)</b>	<b>(4,789)</b>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by cash and bank balances	49,042	88,328

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 1. GENERAL INFORMATION

Artini Holdings Limited (formally known as Primeview Holdings Limited) (the “Company”) was incorporated in Bermuda on 30 May 2007 as an exempted company with limited liability under the Bermuda Companies Act 1981 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Unit D, 16/F, Eton Building, 288 Des Voeux Road Central, Sheung Wan, 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 35.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Application of new/revised HKFRSs – effective 1 April 2019

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKFRS 3 and HKAS 12	Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 “Leases” have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group’s accounting policies.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 (continued)

#### A. HKFRS 16 “Leases”

##### (i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 “Leases” (“HKAS 17”), HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC)-Int 15 “Operating Leases–Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. From a lessee’s perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its impact of the adoption of HKFRS 16, the new definition of a lease, accounting as a lessee and the transition method adopted by the Group, please refer to section (i) to (iv) of this note.

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. The adoption of HKFRS 16 has had no impact on the retained earnings of the Group and comparative information has not been restated.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

	As 31 March 2019 under HKAS 17 HK\$’000	Effect of adoption of HKFRS 16 (Increase/ (decrease)) HK\$’000	At 1 April 2019 under HKFRS 16 HK\$’000
Right-of-use assets (Note 17)	–	1,886	1,886
Lease liabilities (Note 17)	–	2,144	2,144
Accrued lease expenses (Included in trade and other payables)	258	(258)	–

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 (continued)

#### A. HKFRS 16 “Leases” (continued)

##### (i) Impact of the adoption of HKFRS 16 (continued)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019 (Note 29)	2,914
Less: future interest expenses	(119)
lease included change in consideration at the date of initial application	(263)
lease included change in lease term at the date of initial application	(335)
recognition exemption – short-term leases	(53)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 (Note 17)	2,144

The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 4.88%.

##### (ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the 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, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 *(continued)*

#### A. HKFRS 16 “Leases” *(continued)*

##### *(ii) The new definition of a lease (continued)*

The Group applied practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### *(iii) Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices 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 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.

The Group also recognised the right-of-use assets and the lease liabilities at the commencement date of a lease.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 *(continued)*

#### A. HKFRS 16 “Leases” *(continued)*

##### (iii) Accounting as a lessee *(continued)*

###### Right-of-use asset

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

The Group has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

The Group presented the right-of-use assets as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 (continued)

#### A. HKFRS 16 “Leases” (continued)

##### (iii) Accounting as a lessee (continued)

###### Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be 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 shall use 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, a lessee shall measure 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.

###### Lease modifications

The Group accounts for a lease modification as a separate lease if:

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 *(continued)*

#### A. HKFRS 16 “Leases” *(continued)*

##### (iii) Accounting as a lessee *(continued)*

###### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

##### (iv) Transition

As mentioned above, the Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments. The adoption of HKFRS 16 has had no impact on the retained earnings of the Group and comparative information has not been restated.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 (continued)

#### A. HKFRS 16 “Leases” (continued)

##### (iv) Transition (continued)

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise the right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group’s lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

#### B. Others

##### *HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments*

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

##### *Amendments to HKFRS 9 – Prepayment Features with Negative Compensation*

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (a) Application of new/revised HKFRSs – effective 1 April 2019 (continued)

#### B. Others (continued)

##### *Annual Improvements to HKFRSs 2015-2018 Cycle – Amendments to HKFRS 3, Business Combinations*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

##### *Annual Improvements to HKFRSs 2015-2018 Cycle – Amendments to HKAS 12, Income Taxes*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

### (b) New/revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s 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	Definition of a business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (b) New/revised HKFRSs that have been issued but not yet effective *(continued)*

#### Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

#### Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

#### Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

#### Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 3. BASIS OF PREPARATION

### (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.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (e)(A) Leasing (accounting policies applied from 1 April 2019)

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

#### Right-of-use asset

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

#### Lease liability

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (e)(B) Leasing (accounting policies applied until 31 March 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (f) Foreign currencies *(continued)*

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.

### (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 28.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

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

*Share options granted to employees (continued)*

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.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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
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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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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 entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

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

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

#### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

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

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.

#### (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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

#### (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.

#### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

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

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

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

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

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (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.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

### (r) Related parties *(continued)*

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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.

#### (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 2020 and 2019, no impairment loss on goodwill has been recognised. Further details are set out in Note 16.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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 2020 and 2019.

### 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 2020 and 2019 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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			Consolidated HK\$'000
	Fashion accessories online wholesales platform HK\$000	Others HK\$000	Unallocated HK\$'000	
Year ended 31 March 2020				
<b>Revenue</b>				
Segment revenue – external sales	204,142	23,426	–	227,568
<b>Results</b>				
Segment results	27,604	2,975	–	30,579
Unallocated income				44
Unallocated expenses				
– Auditor's remuneration				(730)
– Depreciation of right-of-use assets				(272)
– Salaries and retirement benefit scheme				(3,007)
– Other professional fee				(9,250)
– Unallocated expenses				(4,186)
– Finance cost				(7)
<b>Profit before income tax</b>				<b>13,171</b>
<b>Assets</b>				
Segment assets	119,367	21,849		141,216
Unallocated assets				
– Property, plant and equipment				625
– Right-of-use assets				160
– Intangible assets				31,020
– Other receivables, prepayment and deposit				86
– Cash and bank balances				25,865
Total assets				<b>198,972</b>
<b>Liabilities</b>				
Segment liabilities	(24,665)	(3,464)		(28,129)
Unallocated liabilities				
– Other payables and accruals				(4,759)
– Lease liabilities				(162)
– Others				(4,018)
Total liabilities				<b>(37,068)</b>
<b>Other information</b>				
Depreciation of property, plant and equipment	–	(222)	(291)	(513)
Depreciation of right-of-use assets	–	(797)	(272)	(1,069)
Amortisation of intangible assets	–	–	(37)	(37)



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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			Consolidated HK\$'000
	Fashion accessories online wholesales platform HK\$000	Others HK\$000	Unallocated HK\$'000	
Year ended 31 March 2019				
<b>Revenue</b>				
Segment revenue – external sales	229,985	41,302	–	271,287
<b>Results</b>				
Segment results	46,990	5,511	–	52,501
Unallocated income				127
Net gains on disposal of the subsidiaries				7,577
Unallocated expenses				
– Auditor's remuneration				(1,100)
– Rental expenses				(433)
– Salaries and retirement benefit scheme				(3,803)
– Other professional fee				(9,724)
– Unallocated expenses				(4,425)
– Finance cost				(7)
<b>Profit before income tax</b>				<b>40,713</b>
<b>Assets</b>				
Segment assets	122,668	36,187		158,855
Unallocated assets				
– Property, plant and equipment				907
– Intangible assets				31,057
– Other receivables, prepayment and deposit				84
– Cash and bank balances				17,083
Total assets				<b>207,986</b>
<b>Liabilities</b>				
Segment liabilities	(28,691)	(7,599)		(36,290)
Unallocated liabilities				
– Other payables and accruals				(5,727)
– Obligations under finance lease				(45)
– Others				(7,424)
Total liabilities				<b>(49,486)</b>
<b>Other information</b>				
Depreciation of property, plant and equipment	–	(213)	(412)	(625)
Amortisation of intangible assets	–	–	(36)	(36)
Gain on disposal of property, plant and equipment	–	–	110	110

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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 described in Note 4.

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 2020 and 2019.

Segment results represent the 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, lease liabilities and deferred tax 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:

	2020 HK\$'000	2019 HK\$'000
Hong Kong and Macao	2,756	9,547
The PRC, other than Hong Kong and Macao	19,116	30,857
Russia	39,779	63,715
America	143,616	114,263
Asian	5,320	10,873
Africa	502	2,557
Europe	13,109	30,748
Middle East	88	2,466
Australia	3,282	6,261
	<b>227,568</b>	271,287

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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:

	2020 HK\$'000	2019 HK\$'000
Hong Kong and Macao	783	907
The PRC, other than Hong Kong and Macao	34,329	34,000
	<b>35,112</b>	34,907

### c. Information about major customers

There is no single customer which contributed to 10% or more revenue to the Group's revenue for the year ended 31 March 2020 (2019: nil).

## 7. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Interest income	81	204
Others	217	240
	<b>298</b>	444

## 8. OTHER GAINS AND LOSSES, NET

	2020 HK\$'000	2019 HK\$'000
Other gains and (losses), net comprise of:		
Net exchange losses	(68)	(2,025)
Net gain on disposal of property, plant and equipment	–	110
	<b>(68)</b>	(1,915)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 9. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest on lease liabilities	75	–
Interest on obligations under finance lease	–	7
	<b>75</b>	<b>7</b>

## 10. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2020 HK\$'000	2019 HK\$'000
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	8,703	8,943
Contributions to defined contribution retirement plans	716	699
	<b>9,419</b>	<b>9,642</b>
Cost of inventories recognised as an expense	171,993	185,321
Depreciation of property, plant and equipment	513	625
Depreciation of right-of-use assets	1,069	–
Amortisation of intangible assets	37	36
Auditor's remuneration	730	1,100
Short-term leases expenses	100	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	–	1,456



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2020</b>				
<b>Executive directors</b>				
Mr. Tse Hoi Chau	–	120	6	126
Mr. Tse Kin Lung (note (a))	–	253	10	263
Mr. Lin Shao Hua	–	120	–	120
Mr. Leung Yiu Cho (note (b))	–	520	9	529
Ms. Yu Zhonglian	–	120	6	126
<b>Independent non-executive directors</b>				
Mr. Lau Fai Lawrence	120	–	–	120
Mr. Lau Yiu Kit	120	–	–	120
Mr. Zeng Zhaohui (note (c))	104	–	–	104
Mr. Ma Sai Yam (note (d))	16	–	–	16
	<b>360</b>	<b>1,133</b>	<b>31</b>	<b>1,524</b>
<b>For the year ended 31 March 2019</b>				
<b>Executive directors</b>				
Mr. Tse Hoi Chau	–	120	6	126
Mr. Lin Shao Hua	–	120	–	120
Mr. Leung Yiu Cho	–	980	18	998
Ms. Yu Zhonglian	–	120	6	126
<b>Independent non-executive directors</b>				
Mr. Lau Fai Lawrence	120	–	–	120
Mr. Lau Yiu Kit	120	–	–	120
Mr. Zeng Zhaohui	120	–	–	120
	<b>360</b>	<b>1,340</b>	<b>30</b>	<b>1,730</b>

Notes:

- (a) Mr. Tse Kin Lung appointed as an executive director of the Company with effect from 27 August 2019.
- (b) Mr. Leung Yiu Cho resigned as an executive director of the Company with effect from 4 September 2019.
- (c) Mr. Zeng Zhaohui resigned as an independent non-executive director of the Company with effect from 13 February 2020.
- (d) Mr. Ma Sai Yam appointed as an independent non-executive director of the Company with effect from 13 February 2020.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

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

As at 31 March 2020, Mr. Tse Kin Lung appointed as the chief executive of the Company with effect from 8 August 2019. The Group has not classified any other person as a chief executive during the year ended 31 March 2019.

During the years ended 31 March 2020 and 2019, 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 2020 and 2019.

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, two (2019: one) are Directors for the year ended 31 March 2020, details of whose emoluments are included in the disclosure in Note 11(a) above.

The emoluments of the remaining three individuals (2019: four) were as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	1,478	1,605
Retirement benefit scheme contributions	46	81
	1,524	1,686

The emoluments of the three individuals (2019: four) with the highest emoluments are within the following band:

	2020 HK\$'000	2019 HK\$'000
Nil to HK\$1,000,000	3	4

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 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 13. INCOME TAX EXPENSE

	2020 HK\$'000	2019 HK\$'000
<b>Hong Kong Profits Tax</b>		
– Current year	2,921	9,678
– (Over)/under-provision in prior years	(722)	1
	<b>2,199</b>	9,679
<b>Deferred tax</b>		
– Current year (Note 19)	(9)	(9)
<b>Income tax expense</b>	<b>2,190</b>	9,670

According to the Inland Revenue (Amendment) Bill 2017 (the “Bill”) 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 2020 and 2019 is provided based on the Regime.

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% (2019: 25%) for the year.

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

	2020 HK\$'000	2019 HK\$'000
Profit before income tax expense	13,171	40,713
Tax calculated at the rate applicable to the tax jurisdictions concerned	3,252	7,085
Tax effect of expenses not deductible for tax purposes	118	223
Tax effect income not taxable for tax purposes	(7)	(127)
Tax effect of deductible temporary differences not recognised	(11)	(10)
Utilisation of tax losses previously not recognised	(493)	–
Tax effect of tax losses not recognised	53	2,498
(Over)/under-provision in prior years	(722)	1
<b>Income tax expense</b>	<b>2,190</b>	9,670

## 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK\$10,981,000 (2019: HK\$31,043,000) and the weighted average of approximately 5,519,840,000 (2019: approximately 5,519,840,000) ordinary shares of the Company in issue during the year.

The basic and diluted earnings per share are the same for the years ended 31 March 2020 and 2019 as the exercise of outstanding share options during the years would have anti-dilutive effect on the earnings per share.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>Cost</b>					
As at 1 April 2018	716	541	29	3,780	5,066
Additions	-	35	-	715	750
Exchange adjustments	(39)	(3)	-	-	(42)
Other disposals	-	-	-	(3,180)	(3,180)
As at 31 March 2019 and 1 April 2019	<b>677</b>	<b>573</b>	<b>29</b>	<b>1,315</b>	<b>2,594</b>
Additions	-	37	-	-	37
Exchange adjustments	(39)	(6)	-	-	(45)
<b>As at 31 March 2020</b>	<b>638</b>	<b>604</b>	<b>29</b>	<b>1,315</b>	<b>2,586</b>
<b>Accumulated depreciation and impairments</b>					
As at 1 April 2018	29	342	4	3,461	3,836
Exchange adjustments	-	(2)	-	-	(2)
Provided for the year	276	166	5	178	625
Eliminated on other disposals	-	-	-	(3,180)	(3,180)
As at 31 March 2019 and 1 April 2019	<b>305</b>	<b>506</b>	<b>9</b>	<b>459</b>	<b>1,279</b>
Exchange adjustments	(19)	(3)	-	-	(22)
Provided for the year	204	40	6	263	513
<b>As at 31 March 2020</b>	<b>490</b>	<b>543</b>	<b>15</b>	<b>722</b>	<b>1,770</b>
<b>Carrying amounts</b>					
<b>As at 31 March 2020</b>	<b>148</b>	<b>61</b>	<b>14</b>	<b>593</b>	<b>816</b>
As at 31 March 2019	372	67	20	856	1,315

As at 31 March 2020, the carrying amount of motor vehicle included an amount of HK\$ Nil (2019: HK\$201,000) in respect of assets held under finance lease (Note 25).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 16. GOODWILL

	HK\$'000
<b>Cost</b>	
<b>As at 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020</b>	<b>152,181</b>
<b>Impairments</b>	
<b>As at 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020</b>	<b>149,647</b>
<b>Carrying amount</b>	
<b>As at 31 March 2020</b>	<b>2,534</b>
As at 31 March 2019	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 Magic 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% (2019: 3%).

	2020	2019
Discount rate	15.53%	16.79%
Operating margin	19.20-23.76%	27%
Average growth rate within the five-year period	6%	12.5%

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 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:

	31 March 2020 HK\$'000	1 April 2019 HK\$'000
<b>Right-of-use-assets</b>		
Office premises	741	1,886
<b>Lease liabilities</b>		
Current liabilities	865	1,125
Non-current liabilities	–	1,019
	865	2,144

There was no addition to the right-of-use assets during the year ended 31 March 2020.

### (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:

	2020 HK\$'000
Depreciation charge of right-of-use-assets – Office premises	1,069
Expense relating to short-term leases	100
Interest expense (included in finance cost) ( <i>Note 9</i> )	75

The exchange differences for right-of-use assets and lease liabilities were HK\$76,000 and HK\$89,000 respectively during the year.

The total cash outflow for the leases in 2020 was HK\$1,265,000.

Short-term leases for warehouses which are regularly entered into by the Group during the year. As at 31 March 2020, the outstanding lease commitments relating to the warehouses was HK\$50,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 18. INTANGIBLE ASSETS

	Trademarks HK\$'000 (Note (a))	Customer lists HK\$'000 (Note (b))	Total HK\$'000
<b>Cost</b>			
As at 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	32,840	109	32,949
Accumulated amortisation and impairments			
As at 1 April 2018	1,840	15	1,855
Amortisation	-	36	36
<b>As at 31 March 2019 and 1 April 2019</b>	1,840	51	1,891
Amortisation	-	37	37
As at 31 March 2020	1,840	88	1,928
<b>Carrying amount</b>			
As at 31 March 2020	31,000	21	31,021
As at 31 March 2019	31,000	58	31,058

### 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% (2019: 3%).

	2020	2019
Discount rate	18.55%	19.50%
Operating margin	50%	25%
Growth rate within the five-year period	0-42%	3.00-22.74%

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.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 19. DEFERRED TAXATION

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

	<b>Revaluation of intangible assets</b> HK\$'000
As at 1 April 2018	23
Credit to profit or loss ( <i>Note 13</i> )	(9)
As at 31 March 2019 and 1 April 2019	14
Credit to profit or loss ( <i>Note 13</i> )	(9)
As at 31 March 2020	<b>5</b>

As at 31 March 2020 and 2019, 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 2020, the Group has unused tax losses of approximately HK\$26,282,000 (2019: HK\$75,369,000) 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\$15,520,000 (2019: HK\$63,687,000) will expire in the coming few years.

## 20. INVENTORIES

	<b>2020</b> HK\$'000	2019 HK\$'000
Finished goods	<b>64,345</b>	37,492

No provision or reversal of impairment loss on inventories is made during the years ended 31 March 2020 and 2019.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 21. TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	3,649	10,305
Less: Allowances	–	–
Trade receivables, net	3,649	10,305
Trade and other deposits paid	43,613	36,307
Prepayments	2,859	26
Other receivables, net of allowances	352	348
	46,824	36,681
	50,473	46,986

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 2020 and 2019, included in other receivables were receivables from a few independent third parties.

The Group generally allows an average credit period of 30 to 60 days (2019: 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:

	2020 HK\$'000	2019 HK\$'000
0 – 30 days	2,662	9,187
31 – 60 days	198	1,019
61 – 90 days	200	13
91 – 180 days	577	80
181 – 365 days	12	6
	3,649	10,305

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 21. TRADE AND OTHER RECEIVABLES *(continued)*

Movements of the Group's allowances for doubtful debts for trade receivables during the two years are as follows:

	2020 HK\$'000	2019 HK\$'000
As at beginning of the year	–	15,257
Bad debt written off	–	(15,257)
As at end of the year	–	–

Other than the above allowances for doubtful debts, 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 trade receivables which are neither past due nor impaired and the amounts are still considered recoverable.

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

	2020 HK\$'000	2019 HK\$'000
Renminbi ("RMB")	2,474	4,335
United States Dollars ("US\$")	1,175	5,500
Euro ("EUR")	–	392
	<b>3,649</b>	10,227

## 22. CASH AND BANK BALANCES

	2020 HK\$'000	2019 HK\$'000
Cash and bank balances	<b>49,042</b>	88,328

As at 31 March 2020, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.385% (2019: 0.001% to 0.125%) 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:

	2020 HK\$'000	2019 HK\$'000
Currency: RMB	<b>16,605</b>	24,202

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 23. TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Trade payables	2,319	19,569
Other tax payables	3,174	3,277
Payrolls and staff cost payables	788	692
Other payables and accruals	1,599	6,416
	<b>7,880</b>	29,954

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 (2019: 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:

	2020 HK\$'000	2019 HK\$'000
Within 3 months	1,921	14,028
More than 3 month less than 1 year	223	5,275
Over 1 year	175	266
	<b>2,319</b>	19,569

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 24. CONTRACT LIABILITIES

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

	31 March 2020 HK\$'000	31 March 2019 HK\$'000
<i>Contract liabilities arising from:</i>		
Sale of fashion accessories products	9,164	503

*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. HK\$503,000 of the contract liabilities as of 31 March 2019 has been recognised as revenue for the year ended 31 March 2020 (2019: HK\$3,624,000) from performance obligations satisfied.

## 25. OBLIGATIONS UNDER FINANCE LEASE

At the end of the reporting period, the Group had obligations under finance lease repayable as follows:

	2019 Present value of minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Amount payables under finance lease:		
– Within one year	45	45
– Within a period of more than one year but not more than two years	–	–
Less: Total future finance charges	45	45
	–	–
Less: Amount due for settlement within one year shown under current liabilities	(45)	
Amount due for settlement after 12 months	–	

The Group's obligations under finance lease are secured by the leased assets as set out in Note 15.

It is the Group's policy to lease a motor vehicle under finance lease. The lease term is 4 years with interest rates fixing at respective contract dates at 2% per annum. The Group has option to purchase the motor vehicle at a nominal value at the end of the lease term. No arrangement has been entered into for contingent rental.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 26. SHARE CAPITAL

	2020		2019	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Ordinary shares of par value HK\$0.01 each				
<b>Authorised:</b>				
As at beginning and end of the year	<b>30,000,000</b>	<b>300,000</b>	30,000,000	300,000
<b>Issued and fully paid:</b>				
As at beginning of the year	<b>5,519,840</b>	<b>55,198</b>	5,519,840	55,198
As at end of the year	<b>5,519,840</b>	<b>55,198</b>	5,519,840	55,198

No movements of the authorised and issued share capital of the Company during the years ended 31 March 2020 and 2019.

## 27. 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.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 28. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

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	Lapsed during the year	Cancelled during the year	As at end of the years
<b>Year ended 31 March 2020</b>								
<b>Directors</b>								
Mr. Tse Hoi Chau	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	-	-	10,000,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	-	-	10,000,000
Mr. Lin Shao Hua	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	-	-	10,000,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	-	-	10,000,000
Mr. Leung Yiu Cho	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	500,000	(500,000)	-	-
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	500,000	(500,000)	-	-
	Tranche M (Note (c))	27 November 2015	0.1488	27 November 2015 to 26 November 2020	7,500,000	(7,500,000)	-	-
	Tranche N (Note (c))	27 November 2015	0.1488	27 November 2016 to 26 November 2020	7,500,000	(7,500,000)	-	-
<b>Others</b>								
- Consultants	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,100,000	-	-	10,100,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,100,000	-	-	10,100,000
	Tranche M (Note (c))	27 November 2015	0.1488	27 November 2015 to 26 November 2020	112,100,000	-	-	112,100,000
	Tranche N (Note (c))	27 November 2015	0.1488	27 November 2016 to 26 November 2020	112,100,000	-	-	112,100,000
					<b>300,400,000</b>	<b>(16,000,000)</b>	<b>-</b>	<b>284,400,000</b>
Weighted average exercise prices					0.1484	-	-	0.1484

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 28. 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	Lapsed during the year	Cancelled during the year	As at end of the years
<b>Year ended 31 March 2019</b>								
<b>Directors</b>								
Mr. Tse Hoi Chau	Tranche J (Note (a))	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	(6,671,400)	-	-
	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	-	-	10,000,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	-	-	10,000,000
Mr. Lin Shao Hua	Tranche J (Note (a))	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	(6,671,400)	-	-
	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	-	-	10,000,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	-	-	10,000,000
Mr. Leung Yiu Cho	Tranche J (Note (a))	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,000,000	(6,000,000)	-	-
	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	500,000	-	-	500,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	500,000	-	-	500,000
	Tranche M (Note (c))	27 November 2015	0.1488	27 November 2015 to 26 November 2020	7,500,000	-	-	7,500,000
	Tranche N (Note (c))	27 November 2015	0.1488	27 November 2016 to 26 November 2020	7,500,000	-	-	7,500,000
<b>Others</b>								
- Consultants	Tranche J (Note (a))	28 March 2014	0.4709	28 March 2014 to 27 March 2019	33,357,000	(33,357,000)	-	-
	Tranche K (Note (b))	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,100,000	-	-	10,100,000
	Tranche L (Note (b))	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,100,000	-	-	10,100,000
	Tranche M (note (c))	27 November 2015	0.1488	27 November 2015 to 26 November 2020	112,100,000	-	-	112,100,000
	Tranche N (Note (c))	27 November 2015	0.1488	27 November 2016 to 26 November 2020	112,100,000	-	-	112,100,000
- Others	Tranche J (Note (b))	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	(6,671,400)	-	-
					359,771,200	(59,371,200)	-	300,400,000
Weighted average exercise prices					0.2017	-	-	0.1484



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

*Notes:*

- a. Pursuant to the Company's announcement on 28 March 2014, a total of 108,000,000 share options to subscribe for ordinary shares of HK\$0.10 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:	28 March 2014
Exercise price of share options granted:	HK\$0.2618 per share
Number of share options granted:	108,000,000 share options
Closing price of the share on the date of grant:	HK\$0.231
Exercise periods:	28 March 2014 to 27 March 2019

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\$0.2618 per share, which represents the higher of (i) the closing price of HK\$0.231 per share as stated in the daily quotations sheet issued by the Stock Exchange on 28 March 2014, being the date of grant (the "Date of Grant 2014"); (ii) the average closing price of HK\$0.2618 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 2014; and (iii) the nominal value of the share of HK\$0.10 each in the capital of the Company.

As at 27 March 2019, the options outstanding granted on 28 March 2014 had an exercise price of HK\$0.4709, after the adjustment of Share Consolidation and Open Offer (2019: HK\$0.4709) are lapsed.

- b. 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

*Notes: (continued)*

- c. 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.

As at 31 March 2020, the outstanding options granted on 27 November 2015 had an exercise price of HK\$0.1488 and a weighted average remaining contractual life of 0.66 years (2019: 1.66 years).

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

Notes: *(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	9 July 2015	9 July 2015	27 November 2015	27 November 2015
	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
Risk-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 2020, the Company had 284,400,000 (2019: 300,400,000) 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 284,400,000 (2019: 300,400,000) additional ordinary shares of the Company and additional share capital of approximately HK\$2,844,000 (2019: HK\$3,004,000) and share premium of approximately HK\$ 39,366,000 (2019: HK\$41,585,000) (before the cost of issuance).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 29. OPERATING LEASE COMMITMENTS

### Operating leases

The Group as lessee

	2019 HK\$'000
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	1,456

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 HK\$'000
Within one year	1,617
In the second to the fifth years, inclusive	1,297
	2,914

The Group is the lessee in respect of a number of office premises and warehouses held under leases which were previously classified as operating leases under HKAS 17. The Group recognised additional lease liabilities and right-of-use assets at amount equal to the related lease liabilities. The adoption of HKFRS 16 has had no impact on the retained earnings of the Group. (see Note 2). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 2.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 30. DISPOSAL OF SUBSIDIARIES

- (a) In June 2018, the Group completed the disposal of its 100% equity interest in Ho Easy Limited, which holds 100% equity interest in another two inactive subsidiaries, to an independent party, for a consideration of USD1 (equivalent to HK\$8). Loss on disposal of the subsidiaries amounting to HK\$923,000 was recognised in profit or loss.
- (b) In September 2018, the Group completed the disposal of its 100% equity interest in Huan Hai Limited (the “HHL”, together with the subsidiaries disposed of, the “HHL Group”), to three independent third parties, for a consideration of HK\$18,899,000, in which HK\$8,500,000 is for sale shares of HHL and HK\$10,399,000 is for sale loan owing by HHL to the Group. HHL Group were granted SFO licences but yet to commence business in relation to licensed regulated activities. Gain on disposal of the subsidiaries amounting to HK\$8,500,000 was recognised in profit or loss.

The aggregate net assets of the disposed subsidiaries at the dates of disposal were as follows:

	HK\$'000
Cash and cash equivalents	10,361
Receivables, deposits and prepayments	2,823
Payables and accrued charges	(12,261)
Total identifiable net liabilities disposed of	923
Net gain on disposals of a subsidiaries	7,577
Total consideration received	8,500

### Net cash flow arising on the disposal

	HK\$'000
Cash consideration received	8,500
Cash and bank balances disposed of	(10,361)
	(1,861)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 31. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

### a. Balances with related parties

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

### b. Key management personnel remuneration

During the years ended 31 March 2020 and 2019, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits:		
Salaries and other benefits	2,251	1,700
Post-employment benefits:		
Retirement benefit scheme contributions	66	30
	<b>2,317</b>	<b>1,730</b>

### c. Amount due from a director

	Balance at 31 March 2019 HK\$'000	Maximum amount outstanding during the year HK\$'000	Balance at 31 March 2020 HK\$'000
Amount due from a director Mr. Tse Hoi Chau	273	–	–

The amount due from a director is unsecured, interest free and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>NON-CURRENT ASSET</b>			
Interests in subsidiaries		<b>12,370</b>	11,118
<b>CURRENT ASSET</b>			
Cash and bank balances		<b>1,342</b>	5,245
<b>CURRENT LIABILITY</b>			
Other payables		<b>1,036</b>	1,986
<b>NET CURRENT ASSET</b>		<b>306</b>	3,259
<b>NET ASSETS</b>		<b>12,676</b>	14,377
<b>EQUITY</b>			
Share capital		<b>55,198</b>	55,198
Accumulated losses	<i>a</i>	<b>(42,522)</b>	(40,821)
<b>TOTAL DEFICITS</b>		<b>12,676</b>	14,377

Approved and authorised for issue by the board of directors on 26 June 2020.

**Tse Hoi Chau**

*Director*

**Lin Shao Hua**

*Director*

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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

Note a:

### Deficits of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000 <i>(Note)</i>	Share-based payment capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2018	913,906	133,424	35,993	(1,077,073)	6,250
Loss and total comprehensive expense for the year	-	-	-	(47,071)	(47,071)
Lapsed share option	-	-	(13,736)	13,736	-
As at 31 March 2019 and 1 April 2019	913,906	133,424	22,257	(1,110,408)	(40,821)
Loss and total comprehensive expense for the year	-	-	-	(1,701)	(1,701)
Lapsed share option	-	-	(1,175)	1,175	-
<b>As at 31 March 2020</b>	<b>913,906</b>	<b>133,424</b>	<b>21,082</b>	<b>(1,110,934)</b>	<b>(42,522)</b>

Note:

The contributed surplus of the Company represented the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and nominal value of the share capital issued by the Company at the time of the reorganisation of the Group in 2008.

## 33. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes obligations under finance lease, 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 periods was as follows:

	2020 HK\$'000	2019 HK\$'000
Total liabilities	37,068	49,486
Equity	161,904	158,500
Gearing ratio	22.9%	31.2%



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 34. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	2020 HK\$'000	2019 HK\$'000
Financial assets		
Financial assets measured at amortised cost		
– Trade and other receivables (exclude prepayments)	47,614	46,960
– Cash and bank balances	49,042	88,328
	96,656	135,288
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	7,880	29,954
– Obligations under finance lease	–	45
	7,880	29,999

### b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and bank balances, trade and other payables and obligations under finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency 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 interest rate risk and foreign currency risk.

- Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to obligations under finance lease at fixed rate. The Group is exposed to cash flow interest rate risk through the impact of rate changes on bank balances which carried interest at prevailing market rates. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Directors will consider hedging significant interest rate risk should the need arise. The Directors considered the Group's exposure to interest rate risk is not material. Hence, no interest rate sensitivity analysis is presented.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 34. FINANCIAL INSTRUMENTS *(continued)*

### c. Market risk *(continued)*

- 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 exchange 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.

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:

	2020 HK\$'000	2019 HK\$'000
Assets		
US\$	4,582	48,770
RMB	65,778	65,102
Euro ("EUR")	277	1,022
Liabilities		
RMB	2,945	24,043
Net assets		
US\$	4,582	48,770
RMB	62,833	41,059
EUR	277	1,022

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 34. FINANCIAL INSTRUMENTS *(continued)*

### c. Market risk *(continued)*

- Foreign currency risk management *(continued)*

	Increase/ (decrease) in RMB rate %	<b>2020</b> <b>Increase/ (decrease) in profit</b> <b>HK\$'000</b>	2019 Increase/ (decrease) in profit HK\$'000
If HK\$ weakens against RMB	5	<b>3,142</b>	2,053
If HK\$ strengthens against RMB	(5)	<b>(3,142)</b>	(2,053)

	Increase/ (decrease) in EUR rate %	<b>2020</b> <b>Increase/ (decrease) in profit</b> <b>HK\$'000</b>	2019 Increase/ (decrease) in profit HK\$'000
If HK\$ weakens against EUR	5	<b>14</b>	51
If HK\$ strengthens against EUR	(5)	<b>(14)</b>	(51)

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 2020. The analysis is performed on the same basis in 2019.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 34. FINANCIAL INSTRUMENTS *(continued)*

### d. Credit risk management

As at 31 March 2020 and 2019, 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 35% (2019: 17.70%) and 97% (2019: 56.35%) 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.

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.

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 34. FINANCIAL INSTRUMENTS *(continued)*

### e. Liquidity risk management

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

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

	Weighted average interest rate %	On demand or within 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2020					
Trade and other payables	–	4,706	–	4,706	4,706
Lease liabilities	4.88%	882	–	882	865
Other tax payables	–	3,174	–	3,174	3,174
		<b>8,762</b>	–	<b>8,762</b>	<b>8,745</b>
At 31 March 2019					
Trade and other payables	–	26,677	–	26,677	26,677
Obligations under finance lease	2%	45	–	45	45
Other tax payables	–	3,277	–	3,277	3,277
		29,999	–	29,999	29,999

### f. Fair value measurement of financial instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 35. SUBSIDIARIES

The following list contains the particular of the Company's subsidiaries, 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
			2020	2019	2020	2019		
<b>Directly held by the Company</b>								
Artist Star International Development Limited	British Virgin Islands ("BVI")	Hong Kong	100	100	100	100	1,000 ordinary shares of US\$1 each	Investment Holding
<b>Indirectly held by the Company</b>								
Artini International Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$300,000	Retailing of fashion accessories
Artini Sales Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$10,000	Trading of fashion accessories
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 US\$1 each	Investment holding
King Erich International Development Limited	BVI	Hong Kong	100	100	100	100	300 ordinary shares of US\$1 each	Investment holding
Riccardo International Trading Limited	BVI	Hong Kong	100	100	100	100	700 ordinary shares of US\$1 each	Investment holding
Shenzhen Link Vision Information Technology Co., Ltd. (note)	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
Grand Joy Finance Limited	Hong Kong	Hong Kong	100	100	100	100	HK\$1,000	Inactive
Best Sign Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US\$1 each	Inactive
Richchain Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US\$1 each	Investment holding
Guangzhou Magic Technology Limited (note)	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:**

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

None of the subsidiaries had any debt securities outstanding as at the end of the year or at any time during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 36. NOTES SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities:

	Lease liabilities (Note 17) HK\$'000	Amount due to a director HK\$'000	Finance lease (Note 25) HK\$'000
At 1 April 2018	–	258	222
Changes from cash flows:			
Capital element of finance lease rentals paid	–	–	(177)
Interest paid on obligation under finance lease	–	–	(7)
Repayment to a director	–	(258)	–
Total changes from financing cash flows:	–	(258)	(184)
Other changes:			
Interest expenses on obligations under finance lease	–	–	7
Total other changes	–	–	7
At 31 March 2019	–	–	45
Recognition upon adoption of HKFRS 16 (Note 2)	2,144	–	–
At 1 April 2019	2,144	–	45
Changes from cash flows:			
Principal elements of lease payment	(1,190)	–	–
Interest paid on obligation under finance lease*	–	–	–
Interest paid on lease liabilities	(75)	–	–
Capital element of finance lease rentals paid	–	–	(45)
Total changes from financing cash flows:	(1,265)	–	(45)
Other changes:			
Interest expenses on obligation under finance lease*	–	–	–
Interest expenses on lease liabilities	75	–	–
Exchange adjustments	(89)	–	–
Total other changes	(14)	–	–
At 31 March 2020	<b>865</b>	–	–

\* The interest expenses or interest paid on obligation under finance lease was less than HK\$1,000.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

## 37. SUBSEQUENT EVENT

After the outbreak of coronavirus disease 2019 (“COVID-19 outbreak”) 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 COVID-19 outbreak 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.