

# 澳至尊 AUSupreme

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# ANNUAL REPORT 2023-2024



澳至尊國際控股有限公司  
AUSUPREME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

HKEx Stock Code : 2031.HK

# 澳至尊 AUSupreme



## Contents

2	Corporate Information	89	Independent Auditor's Report
3	Glossary	96	Consolidated Statement of Profit or Loss and Other Comprehensive Income
14	Chairman's Statement	97	Consolidated Statement of Financial Position
17	Management Discussion and Analysis	99	Consolidated Statement of Changes in Equity
23	Directors and Senior Management	100	Consolidated Statement of Cash Flows
28	Corporate Governance Report	102	Notes to the Consolidated Financial Statements
44	Report of the Directors	187	Particulars of Investment Properties
58	Environmental, Social and Governance Report	188	Five-Year Financial Summary

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Choy Chi Fai (*Chairman and Co-Chief Executive Officer*)

Ms. Ho Ka Man (*Vice Chairman and Co-Chief Executive Officer*)

Mr. Ho Chun Kit, Saxony

Mr. Au Chun Kit

### Independent Non-executive Directors

Prof. Luk Ting Kwong

Ms. Pang Sin Mei Ada (Appointed on 4 January 2024)

Dr. Wan Cho Yee

## AUDIT COMMITTEE

Ms. Pang Sin Mei Ada (*Chairman*)  
(Appointed on 4 January 2024)

Dr. Wan Cho Yee

Prof. Luk Ting Kwong

## NOMINATION COMMITTEE

Prof. Luk Ting Kwong (*Chairman*)

Dr. Wan Cho Yee

Mr. Choy Chi Fai

## REMUNERATION COMMITTEE

Dr. Wan Cho Yee (*Chairman*)

Ms. Pang Sin Mei Ada (Appointed on 4 January 2024)

Mr. Choy Chi Fai

## COMPANY SECRETARY

Ms. Tang Wing Shan

## AUTHORISED REPRESENTATIVES

Mr. Choy Chi Fai

Ms. Tang Wing Shan

## INDEPENDENT AUDITOR

Asian Alliance (HK) CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditors

8/F., Catic Plaza

8 Causeway Road

Causeway Bay

Hong Kong

## SOLICITOR

Michael Li & Co.

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

CMB Wing Lung Bank Limited

## REGISTERED OFFICE

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office E, 30/F., EGL Tower

83 Hung To Road

Kwun Tong, Kowloon

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

Room 2103B, 21/F.

148 Electric Road

North Point

Hong Kong

## LISTING INFORMATION

Place of Listing: The Main Board of The Stock Exchange of Hong Kong Limited

Stock Code: 2031

Board Lot: 5,000 shares

## COMPANY WEBSITE

[www.ausupreme.com](http://www.ausupreme.com)



AUSupreme Website



AUSupreme TMALL.HK



AUSupreme WeChat



AUSupreme facebook



## Glossary

In the sections headed “Chairman’s Statement”, “Management Discussion and Analysis”, “Directors and Senior Management”, “Corporate Governance Report”, “Report of the Directors”, “Environmental, Social and Governance Report” and “Particulars of Investment Properties” in this annual report, unless the context requires otherwise, the following expressions shall have the following respective meanings:

“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Ausupreme” or “Company”	Ausupreme International Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 2031)
“Beatitudes”	Beatitudes International Ltd., a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules
“Chairman”	the chairman of the Board
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Co-CEO”	the co-chief executive officer of the Company
“Company Secretary”	the company secretary of the Company
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	the novel coronavirus disease 2019
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company



## Glossary

“GMP”	Good Manufacturing Practice — a quality assurance approach used by the drug manufacturing industry worldwide to ensure that products are consistently produced and controlled according to appropriate quality standards
“Group”	the Company and its subsidiaries
“HACCP”	Hazard Analysis and Critical Control Points — a scientific and systematic approach to identify, assess and control hazards in the food production process. With the HACCP system, food safety control is integrated into the design of the process rather than relying on end-product testing
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“INED(s)”	the independent non-executive Director(s)
“Listing”	the listing of the issued Shares on the Main Board of the Stock Exchange
“Listing Date”	12 September 2016, the date on which the issued Shares were initially listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules
“Mr. Choy”	Mr. Choy Chi Fai, an executive Director, the Chairman and a Co-CEO
“Ms. Ho” or “Mrs. Choy”	Ms. Ho Ka Man, an executive Director, the Vice Chairman, a Co-CEO, and spouse of Mr. Choy
“M&A”	the memorandum of association and the Articles of Association of the Company
“Nomination Committee”	the nomination committee of the Board
“PRC” or “Mainland China”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 30 August 2016

## Glossary

"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"SGS"	SGS Systems & Services Certification Pty Ltd., a company which provides services of inspection, verification, testing and certification
"Share(s)"	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"TGA"	Therapeutic Goods Administration of Australia
"treasury share"	has the meaning ascribed to it under the Listing Rules
"Truth & Faith"	Truth & Faith International Limited, a principal wholly-owned subsidiary of the Company engaged in the retail and wholesale of health and personal care products
"Vice Chairman"	the vice chairman of the Board
"Year" or "year under review"	the year ended 31 March 2024
"Year 2023"	the year ended 31 March 2023
"%"	percent

*This annual report is prepared in both English and Chinese. In the event of any inconsistency, the English text of this annual report will prevail.*

## AUSupreme International Holdings Limited (stock code 2031.HK)

specialises in providing quality health supplements and personal care products. Our products have obtained international accreditation such as the Therapeutic Goods Administration of Australia (TGA)'s certification and are produced in international Good Manufacturing Practice (GMP) manufacturing plants, which also passed the testing and certification of SGS and local third-party authority. We have obtained the prize of "Hong Kong Premier Brand Awards" and have been recognised as Quality Tourism Services Scheme Merchants by the Hong Kong Tourism Board for 19 consecutive years. AUSupreme's business has seen steady development and our products have been widely supported by the markets including Hong Kong and other Asian regions.



### VISION

With adherence to the belief of truth, justice and care, AUSupreme has established an excellent and outstanding team, striving to provide quality healthcare and personal care products and professional services to people who care for their health, and to be an industry leader in Asia-Pacific region.

### MISSION

**Truth** : With integrity and good conscience as our operating principles, all of our staff members play by the book and works to establish a good model for the commercial sector.

**Justice** : We create an operating environment with justice and fairness. All of our staff monitor and guide each other in order to create a reasonable corporate system.

**Care** : We foster a caring and loving corporate culture. All of our staff support each other and build a caring culture for the society.





## Sales Channels

### Offline Sales — Specialty Stores, Consignment Counters and Experience Store

With outstanding quality, professional service and caring corporate culture, the Group has successfully laid a solid foundation for its development in Hong Kong. As at 31 March 2024, the Group had 18 specialty stores and 63 consignment counters in Hong Kong, Macau and Singapore, we also established a cross-border e-commerce experience store in Shenzhen and established subsidiaries in Mainland China, Macau and Singapore. AUSupreme, as a well-known health supplement brand in Asia, has continued to promote existing products and introduce new products and has been favoured by consumers in Asia-Pacific region.



### Online Sales — E-commerce Platforms

In recent years, consumers have become more and more accustomed to the “online shopping” model, and their trust and dependence on AUSupreme’s online shopping have also increased. Therefore, our sales data are breaking new highs every year. As the business develops, AUSupreme continues to expand and cultivate talents, and has established its own e-commerce operation teams in Shenzhen and Hainan. E-commerce operation teams use data to formulate exclusive e-commerce strategies and development plans according to their own needs, in order to accurately grasp market demand and channel marketing, and promote business from consumer perspective.

AUSupreme has deepened cooperation with well-known online shopping platforms around the world continuously, which include: HKTVmall, YOHO, AlipayHK eShop, Neigbuy, Lionmart, HK Mall, Japan Home Centre, Strawberry.net, The Club and Black & White Beauty in Hong Kong; Tmall.com, JD.com, Pinduoduo.com, Kaola.com, VIP.com, xiaohongshu.com, Douyin.com, WeChat Mall and Youzan.com in Mainland China. These increase our brand’s market penetration rate extensively.



## Supporting Youth Affairs for a Better Future

"Youth development means Hong Kong's development" and "Youth's future means Hong Kong's future". AUSupreme has actively participated in youth affairs and strived to provide a favorable environment for teenagers to grow up, nurturing the next generation to create a brighter society together.

In June 2023, Mr. Choy Chi Fai (hereinafter referred to as "Mr. Choy"), in his capacity as the chief president of the Leadership Institute on Narcotics of the Hong Kong Police Force, attended the International Anti-Drug Day 2023 and the unveiling ceremony of the Anti-Drug Education Base in Guangdong-Hong Kong-Macao Greater Bay Area, organised by the National Narcotics Control Commission and the Guangdong Anti-Drug Commission, and led a number of college student leaders from the Leadership Institute on Narcotics to visit Dongguan Humen Opium War Museum for learning.



In July 2023, Mr. Choy, as the Hong Kong member of the Dalian Committee of the Chinese People's Political Consultative Conferences, went to Dalian to receive teachers and students of Hong Kong Lam Tai Fai College, during which they visited and exchanged studies in Dalian and Lushun.

In August 2023, Mr. Choy participated in Hainan Provincial National Situation Research Group of Mong Kok District Junior Police Call in the capacity of honorary president. He led the members of the Junior Police Call to various cities in Hainan Province for cultural exchanges with the local students and visited many buildings related to technological development, history and culture, so as to cultivate their sense of belonging and patriotism to the country.



In addition, AUSupreme Group is committed to supporting anti-drug and protecting youth's healthy lives together with all sectors. In August 2023, Mr. Choy, as the chief president of the Leadership Institute on Narcotics, led a group of 100 students from the Institute to Shenzhen for learning and exchanges with young people from the Mainland China, and visited the headquarters of Tencent Group, BYD, and DJI to gain a deeper understanding of China's technological and innovative enterprises.



# Active promotion of sports to encourage healthy living

AUSupreme has always attached great importance to sports and actively organises various kinds of physical activities for its staff. It also supports the development of local sports and encourages the community to build up a healthy attitude towards life through sponsorship of community sports projects.

Mr. Choy is a sports enthusiast who is involved in martial arts, karate, mixed martial arts, ancient martial arts weaponry and live-fire shooting sports, and also travels around the world to participate in marathon races. Mr. Choy is committed to promoting sports and has completed five long-distance running events in 2023, including the Gobi Desert 121km Challenge, the Tokyo Marathon in Japan, the London Marathon in the UK, the Baoan Marathon in Shenzhen, and the Hengqin Marathon in Zhuhai. In March 2024, Mr. Choy, together with a number of staff, participated in the 42km full-marathon event of the Wuxi International Marathon.



In September 2023, AUSupreme was awarded the "SportsHour Company" Commendation issued by the InspiringHK Sports Foundation in recognition of the Group's efforts in building a healthy and vibrant working environment for its staff and motivating staff to actively participate in physical activities.



In November 2023, Mr. Choy, who holds a 3rd Degree Black Belt in Go-Ryu Karate and is a qualified referee and instructor of the Karatedo Federation of Hong Kong, was invited to be interviewed by Radio Television Hong Kong to explain to the public about the historical development of Karate, his experience of learning Karate over the past three decades, the rules of international Karate competitions, and his experience of being a referee and to actively promote the development of the community sports. AUSupreme established the Truth & Faith Karate Dojo many years ago, which has produced many outstanding athletes. Last year, Mr. Choy was the lead instructor and led 6 athletes from Truth & Faith Dojo to participate in the National Junior Karate U Series Competition and won 1 gold and 5 bronze medals. In January 2024, Choy Hong Kiu from Truth & Faith Dojo won the championship of the Hong Kong Karate Junior Tournament for the second time and went on to represent Hong Kong as an elite athlete in a number of international competitions, and achieved a world ranking of 9th in the World Karate Junior Ranking Competition held in Dubai.



## Fostering a caring culture and establishing a harmonious corporate culture

AUSupreme has always regarded its employees as its most valuable asset, insisting on its people-oriented philosophy and attaching great importance to the creation of a caring and loving corporate culture, where all colleagues support each other and promote the culture of caring to the community through different forms.



Under the encouragement of the Group, AUSupreme's staff participated in various volunteer activities. In September 2023, AUSupreme volunteer team visited Xianyang Herald Children's Home (咸陽角聲兒童之家) to pay attention to and help children's healthy growth and development.

In November 2023, Mr. Choy and his wife, Ms. Ho Ka Man, the founders of AUSupreme, attended the 10th Anniversary of the Love Foundation's "Let Love Take Flight (讓愛飛揚)" party to support the children's caring projects in China.

In December 2023, nearly 100 staffs and their families attended the Christmas Evangelism at Kong Fok Church in Admiralty and held a large-scale Christmas dinner.





# Enjoying a wise life and loving to share

From under-privileged backgrounds and environments, Mr. Choy started a small business with his wife and built up their business from scratch, developed from a two-person micro-enterprise to a listed company on the Main Board, and won the Outstanding Young Chinese Entrepreneur of the World, the Asia Pacific Outstanding Entrepreneurship Award, and the Outstanding Entrepreneurship Award of the Greater Bay Area. He has long served in government departments, disciplinary forces, chambers of commerce, various charitable organisations and universities, and has made numerous contributions to society. He has been a guest speaker at many international events and has been frequently invited to give speeches around the world.

From April 2023 to March 2024, the two founders have delivered over a hundred talks to local and overseas industrial and commercial organisations, chambers of commerce, universities, secondary schools and various social groups, injecting positive energy into to society, sharing life wisdom and business management experience, telling the story of Hong Kong, China and promoting the spirit of Hong Kong's diligence with inspiration and encouragement.



## Industry Leader with Numerous Awards and Honors



The dedication, efforts, and achievements of the AUSupreme Group have been recognised and praised by various parties. Over the years, the group has received commendations from all sectors of society. Each award and certification validates the strength of the brand.

Over the years, the AUSupreme Group has received numerous awards and honors, injecting greater motivation into the brand. We will continue to uphold our mission, safeguarding the health and beauty of our customers and working towards establishing a healthy body, mind, and spirit community.

- Listed Company Awards of Excellence
- ListCo Excellence Awards
- Asia Excellence Brand Award
- Hong Kong Premier Brand Awards
- The Hong Kong Top Brand Ten Year Achievement Award
- Consumers' Most Favorable Hong Kong Brands
- Hong Kong Star Brand Award
- PRO Choice
- The Most Popular Brand Award
- The Most Popular Health Brand Award for Healthcare Workers
- Hong Kong Institute of Marketing Market Leadership Award
- Parents' Favorite (Mother and Infant) Supplement Brand
- Hong Kong Top Ten E-Commerce Award
- Asia's Best E-commerce Award
- Greater Bay Area Outstanding Entrepreneur Award
- Outstanding Businesswomen Award
- The First Manpower Developer Award By Employees Retraining Board
- Super Manpower Developer Award
- Quality Tourism Service Scheme
- Labour Department Good Employer Charter
- Family-Friendly Employers Commendation
- Hong Kong Most Valuable Corporate Excellent Enterprise Awards
- People Caring Award
- Caring Company
- Community Engagement Award - Certificate of Excellence



# Quality Products Guaranteed with Confidence



Listed Company Awards of Excellence



ListCo Excellence Awards



The Hong Kong Top Brand Ten Year Achievement Award



Hong Kong Premier Brand Awards



Quality Tourism Services



Made in Australia



Good Manufacturing Practice



Tested for Main Heavy Metals



Consumers' Most Favorable Hong Kong Brands



Hong Kong Star Brand Award



PRO Choice



Asia Excellence Brand Award



Parents' Favorite (Mother and Infant) Supplement Brand

# Chairman's Statement



## **DEAR SHAREHOLDERS,**

On behalf of the Board, I am pleased to present the annual report on the results of Ausupreme International Holdings Limited and its subsidiaries for the financial year ended 31 March 2024.

The year under review was the first full year of the post-pandemic era. All walks of life have returned to normalcy and so as the business of the Group. By seizing every opportunity of the resumption in the market, reallocating sales and marketing resources and optimising the promotion and retail strategies of the Group, we are thrilled to report that the Group recorded a revenue of HK\$269,022,000 and a profit of HK\$30,674,000 for the Year, a remarkable increase in both revenue and profit as compared to Year 2023. The Board is pleased to recommend a final dividend of HK\$0.02 per Share in cash in appreciation of the ongoing support of the Shareholders.

## **PROSPECT**

Recently, the economic outlook is hindered by various factors, including the changing consumption patterns of both Hong Kong residents and tourists from the Mainland China, rising operational costs, continuous high interest rates and macroeconomic impact of the geopolitical risks. The Hong Kong retail industry is currently undergoing a period of adjustment. Meanwhile, we sincerely appreciated the government of Mainland China introducing various

## Chairman's Statement

measures in support of the HKSAR's economic development. These included the increase of the duty-free allowance for luggage articles brought into the Mainland China from Hong Kong by visitors who are residents of the PRC, the addition of 10 more Individual Visit Scheme cities and the launch of the Express Rail Link sleeper train between Hong Kong and Beijing/Shanghai. In addition, we are grateful that the government of the HKSAR as well as various organisations will launch series of promotional events such as Summer Chill Hong Kong and the Hong Kong Shopping Festival to boost consumption and tourism. It is believed that all the activities and promotion schemes have a complementary effect in fostering the economic development of Hong Kong.

At the same time, the Group will continue to closely monitor all aspects of operation including the optimisation of the inventory level with the use of advanced technology, enhancement of the sales network online and offline by detailed analysis and development of new and quality products that cater the evolving preferences of customers. Besides, the Group values the importance of talent development of its staff. With thorough and comprehensive training programs, we actively impart valuable knowledge and corporate culture to all existing and new talents to empower them with advanced skills in both customer services and personal development.

As a group with strong corporate social responsibility, the Group always cares for the society and the young generations. The Group has supported various sports activities such as karatedo, marathon and hiking to promote healthy lifestyles for its staff and in the society. In addition, the Group formed volunteer teams to care for the left-behind children in the PRC. To nurture future generations, numerous talks and seminars have been organised to share inspirational attitudes with students. Positive vibes have been shared and cultivated within the Group as well as to the society.

### ACKNOWLEDGEMENTS

As always, I would like to express my heartfelt appreciation to the Shareholders, customers and business partners for their unwavering support and trust to the Group, and to extend my sincere gratitude to all management and staff for their commitments and contributions. With a positive attitude, innovative mindset and steadfast perseverance, the entire team of the Group will continue to focus on its dynamic business development and strive to enhance long-term values for the stakeholders.

We were saddened by the unexpected loss of Mr. Ko Ming Kin, who had served as an independent non-executive Director of the Company since 2016. He was the Chairman of the Audit Committee and a member of the Remuneration Committee. A professional in the accounting and financial fields with over 30 years of experience, his sharp business insight and constructive advice made valuable contributions to the development of the Group. Mr. Ko was a trustworthy friend and he will always be remembered.

In the past few years, Hong Kong has gone through a period of turmoil and challenges. Through the efforts of various parties, Hong Kong has entered a new stage of "from chaos to stability" and is moving towards "from stability to prosperity". The Ausupreme Group will continue to uphold unwavering beliefs, fear no difficulties, and provide high-quality products and services with flexible and innovative market strategies. We firmly believe that after the darkest hour comes the dawn, and the hard works and efforts will eventually pay off. As the Bible says, "Those who sow with tears will reap with songs of joy!"

**Choy Chi Fai**

*Chairman*

Hong Kong, 26 June 2024



# 澳至尊 AUSupreme

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**Leslie CHOY**

Founder and Chairman of AUSupreme

effortlessly completed the Gobi Desert Challenge (121 kilometers) and two World Marathon Majors (full marathon, 42 kilometers) in 2023.



The key to  
health and vitality  
**AUSupreme**



The Hong Kong Top Brand  
Ten Year Achievement Award



Asia  
Excellence Brand Award



Listed Company  
Awards of Excellence



Good Manufacturing Practice



Australian Made

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group is principally a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the development, marketing, sales and distribution of the branded products. The major brands developed and managed by the Group include “Ausupreme”, “Organic Nature”, “Superbee”, “Top Life” and “ACHealth”, which are sold under our well-established “澳至尊” sales and distribution network.

### Market Overview

With the elimination of the epidemic-related restrictions in early 2023 and the launch of “Hello Hong Kong” Campaign by the Hong Kong Government to promote Hong Kong around the world, the resumption of tourism and economic activities have improved the business environment of Hong Kong’s retail market.

According to the Hong Kong Tourism Board, the total visitor arrivals during the Year recorded a continuous growth of 715.0% to approximately 40,814,000, in which approximately 32,094,000 visitor arrivals were visitors from the Mainland China. The rise of visitor arrivals in Hong Kong since the full resumption of normal travel stimulated retail activities in Hong Kong.

Nevertheless, the retail market of Hong Kong persistently experienced challenges under macro-economic uncertainties and geopolitical tensions. Cost pressures are expected to increase alongside the economic recovery. A growing trend of Hong Kong residents “tripping north” to Shenzhen for leisure activities and even daily purchases indicated a change in consumer behaviours of Hong Kong residents which may affect local retail sales.

With reference to the statistics from the Census and Statistics Department of Hong Kong, the overall retail sales in Hong Kong recorded a growth of 9.6% during the period from April 2023 to March 2024 as compared to the corresponding period in the previous year. On the other hand, the overall retail sales in Hong Kong during the first quarter of 2024 recorded a decline of 2.8% as compared to the last quarter of 2023. This indicated a slowdown of retail market in Hong Kong.

### Overall Performance

For the year ended 31 March 2024, the Group’s revenue amounted to HK\$269,022,000, representing an increase of 84.1% from HK\$146,158,000 for Year 2023. The increase in revenue was mainly due to the Hong Kong’s tourism rebound which brought back the spending power of tourists to the territory.

During the Year, the Group recorded a profit of HK\$30,674,000, as compared to a profit of HK\$497,000 for Year 2023. With the Group’s effective marketing campaigns and sales channel reallocation, the Group’s sales increase outperformed the overall growth rate of the Hong Kong retail market. The Group has been closely monitoring the market conditions and adopting tightened cost control and other cautious approaches to cope with the challenging economic environment.

As at 31 March 2024, the Group had 18 specialty stores and 63 consignment counters (2023: 17 specialty stores and 60 consignment counters) in Hong Kong, Macau and Singapore. The Group will continue to identify carefully suitable locations for the specialty stores and other sales channels to maximise its exposure to the target customers.



# Management Discussion and Analysis

## FINANCIAL REVIEW

The Group generated revenue primarily from sales channels of specialty stores, consignment counters and e-commerce etc. The main types of goods are health supplement products, personal care products and honey and pollen products. For the year under review, the business performance of the Group recovered to the level before the outbreak of COVID-19 pandemic. The Group recorded the revenue for the Year amounted to HK\$269,022,000 (2023: HK\$146,158,000) and profit for the Year amounted to HK\$30,674,000 (2023: HK\$497,000).

During the Year, the Group's revenue for (i) health supplement products increased by 81.7% to HK\$256,941,000 (2023: HK\$141,400,000); (ii) personal care products increased by 260.7% to HK\$11,092,000 (2023: HK\$3,075,000); and (iii) honey and pollen products decreased by 41.2% to HK\$989,000 (2023: HK\$1,683,000). The Group's revenue for sales channels of (i) specialty stores grew by 9.2% to HK\$43,546,000 (2023: HK\$39,890,000); (ii) consignment counters increased by 138.4% to HK\$190,305,000 (2023: HK\$79,829,000); (iii) e-commerce increased by 14.9% to HK\$20,583,000 (2023: HK\$17,921,000); and other sales channels rose by 71.3% to HK\$14,588,000 (2023: HK\$8,518,000). The improvement in overall sales performance was mainly due to the resumption of visitor's arrival and consumer sentiment after the elimination of epidemic-related restrictions. In addition, the Group's constructive sales and marketing resource reallocation in response to tourism rebound and the increased demand for health products after the prolonged COVID-19 pandemic are also reflected in this favourable performance.

The following table sets forth the breakdown of the Group's revenue by types of goods for the years ended 31 March 2024 and 2023:

	For the year ended 31 March			
	2024		2023	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Health supplement products	256,941	95.5%	141,400	96.7%
Personal care products	11,092	4.1%	3,075	2.1%
Honey and pollen products	989	0.4%	1,683	1.2%
Total	269,022	100.0%	146,158	100.0%

## Management Discussion and Analysis

The table below sets forth the breakdown of the Group's revenue by sales channels for the years ended 31 March 2024 and 2023:

	For the year ended 31 March			
	2024		2023	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Specialty stores	43,546	16.2%	39,890	27.3%
Consignment counters	190,305	70.7%	79,829	54.6%
E-commerce	20,583	7.7%	17,921	12.3%
Other sales channels	14,588	5.4%	8,518	5.8%
<b>Total</b>	<b>269,022</b>	<b>100.0%</b>	146,158	100.0%

The cost of sales increased by HK\$9,805,000 or 39.3% to HK\$34,729,000 for the year ended 31 March 2024 (2023: HK\$24,924,000). The increase of cost was in line with the rise of revenue. The rise in purchase price from suppliers due to the upward adjustment of cost in raw material also caused the cost increment for the Year. The gross profit margin increased to 87.1% for the Year (2023: 82.9%). It is mainly attributable to the optimisation of the pricing strategy in according to the market situation.

As the Group did not recognise any government grants from the Hong Kong Government and rent concession from landlords during the Year, the other income of the Group dropped by 71.8% to HK\$1,194,000 for the Year (2023: HK\$4,238,000).

The selling and distribution expenses of the Group increased by 75.5% to HK\$159,450,000 for the Year (2023: HK\$90,837,000), while the general and administrative expenses of the Group increased by 9.5% to HK\$35,490,000 for the Year (2023: HK\$32,421,000). The increase of these two expenses was mainly due to (i) consignment expenses increased by 166.8% to HK\$81,610,000 (2023: HK\$30,589,000) which in line with significant increase in revenue; and (ii) an increase of staff cost in order to retain and attract talents.

During the Year, the Group's finance costs represented interest on bank borrowing amounting to HK\$89,000 (2023: HK\$18,000) and interest on lease liabilities amounting to HK\$1,011,000 (2023: HK\$550,000).

## Management Discussion and Analysis

The Group's revenue was mainly derived in Hong Kong, Mainland China, Macau and Singapore during the Year. For the year ended 31 March 2024, income tax expense was HK\$6,845,000 (2023: HK\$663,000). The provision for Hong Kong Profits Tax has been provided in accordance with the two-tiered profits tax rates regime; the first HK\$2,000,000 of assessable profits of a qualifying corporation of the Group is taxed at 8.25% and the assessable profits above HK\$2,000,000 are taxed at 16.5%. The assessable profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

As a result of the above factors, the Group recorded a profit for the Year of HK\$30,674,000 (2023: HK\$497,000).

For the year ended 31 March 2024, the Group recorded a basic earnings per share of HK4.03 cents as compared to the basic earnings per share of HK0.07 cent for Year 2023, the calculation of which is based on the profit for the Year of HK\$30,674,000 (2023: HK\$497,000) and the weighted average number of 762,000,000 ordinary shares in issue during the Year (2023: 762,000,000 ordinary shares). No diluted earnings per share for both years ended 31 March 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2024 and 2023.

### **LIQUIDITY, FINANCIAL RESOURCES, FOREIGN EXCHANGE RISK EXPOSURE AND CAPITAL COMMITMENTS**

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to manage the financial risks effectively. The Group generally meets its working capital requirements from its internally generated funds, and maintains a healthy financial position.

As at 31 March 2024, the Group had net current assets and net assets of HK\$97,519,000 (2023: HK\$69,869,000) and HK\$178,210,000 (2023: HK\$156,060,000) respectively. As at 31 March 2024, the current ratio calculated based on current assets divided by current liabilities of the Group was approximately 4.1 (2023: 3.7).

#### **Cash and Cash Equivalents/Time Deposits**

Cash and cash equivalents and time deposits held by the Group amounted to HK\$75,362,000 as at 31 March 2024 (2023: HK\$48,353,000), of which HK\$69,844,000 (2023: HK\$41,044,000) was cash and cash equivalents and HK\$5,518,000 (2023: HK\$7,309,000) was non-pledged time deposits with original maturity of over three months. They were mainly denominated in Hong Kong dollars, Japanese yen, Australian dollars, Renminbi and United States dollars.



# Management Discussion and Analysis

## Other Financial Resources and Gearing

As at 31 March 2024, the total outstanding bank borrowing of the Group amounted to HK\$2,486,000 (2023: HK\$2,898,000) and it is a secured bank mortgage loan. The bank mortgage loan was repayable based on scheduled repayment dates set out in the loan agreement and the last payment is on 21 August 2029.

Interest on bank borrowing is charged at floating rates. The bank borrowing of the Group is denominated in Hong Kong dollars. No financial instruments for hedging purposes were employed by the Group for the year ended 31 March 2024.

As at 31 March 2024, the bank borrowing was secured by the Group's certain leasehold land and building with aggregate net carrying value of approximately HK\$28,542,000 (2023: HK\$29,496,000).

As at 31 March 2024, the Group's gearing was considered to be at a reasonable level, as the debt to equity ratio was only 1.4% (2023: 1.9%), expressed as a percentage of total bank borrowings to total net assets.

## Foreign Exchange Exposure

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Japanese yen, Australian dollars and Renminbi. The Group currently does not have any foreign currency hedging policy. However, the Group maintains a conservative approach in treasury management by constantly monitoring foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. The management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

## Capital Commitments

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

## MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investment, acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2024.

## CONTINGENT LIABILITIES

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

# Management Discussion and Analysis

## EMPLOYEE INFORMATION

As at 31 March 2024, the Group had 210 (2023: 189) employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market condition. In addition to salary and commission payment to staff, other staff benefits include a share option scheme, discretionary bonus, staff discount on purchases and internal training.

## DIVIDEND

The Board has resolved to recommend a final dividend of HK2 cents per ordinary share for the year ended 31 March 2024, totalling HK\$15,240,000 (2023: HK1 cent, totalling HK\$7,620,000). Such payment of dividend will be subject to the approval of the Shareholders at the forthcoming AGM. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 8 October 2024.

## FUTURE OUTLOOK AND PROSPECTS

In the macroeconomic environment, the armed conflicts around the world and various geopolitical tensions between regions have posed uncertainties to the global economy. Domestically, cost pressures have increased from the supply side and various operation areas. In addition, continuous high interest rates as well as sluggish equity and real-estates markets adversely affect consumer sentiment. Changes in the consumption pattern of inbound tourists coupled with a northbound spending shift by local consumers further weaken the local retail market.

Amidst the rapidly-changing economic environment, the Group is determined to strive for long-term development as always. First, the Group will continue to enrich its product portfolio to target a wider range of customers. Product innovation with emphasis on scientific research will become a new element to strengthen various product lines. The Group believes that products with superior quality and diversified functions to support consumers' health are important to keep customer loyalty.

Both online and offline sales networks are constantly being optimised. Physical stores and counters will be set up in areas with high customer flow. Co-operation with reputable online platforms and the launch of various promotion campaigns will deepen market penetration of the brand to the vast online customers. Collaboration with new business partners to strengthen the overall business development is being explored and established.

With the use of advanced technologies such as artificial intelligence, sophisticated analysis and prediction of customer preferences can be accurately conducted. This serves as a solid foundation to support the Group's advanced online-merge-offline ("**OMO**") sales strategy to facilitate a unified and comprehensive shopping experience through the customer database. The Group can utilise valuable insights of customer preferences to provide sound product recommendation and to enhance overall customer satisfaction.

No matter facing headwinds or tailwinds, the Group is committed to steering through all kinds of market conditions with a cautious but flexible approach and achieving sustainable growth of the Group.

# Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Choy Chi Fai (蔡志輝)**, aged 50, one of the founders of the Group, was appointed as a Director on 17 April 2015 and is currently an executive Director, the Chairman and a Co-CEO. He is also a member of each of the Remuneration Committee and the Nomination Committee. In addition, Mr. Choy is a director of all of the subsidiaries of the Company and a director and shareholder of Beatitudes, a substantial shareholder of the Company. Mr. Choy is responsible for the overall direction and management of the Group. Before founding the Group in 2001, Mr. Choy (together with Mrs. Choy) had been engaged in the business of trading and distribution in Hong Kong. Mr. Choy has more than 20 years' experience in marketing, distribution, wholesale and retail of health supplement products in Hong Kong, which he gained from the operation of the Group.

Mr. Choy obtained a Bachelor of Arts degree from the Hong Kong Baptist University in December 2000. He received a Diploma of Food and Nutritional Sciences from The Chinese University of Hong Kong in May 2010 and a Master of Arts degree in Comparative and Public History from the same university in December 2010, a Master of Christian Studies by Evangel Seminary in June 2018. Mr. Choy has also received the "Outstanding Entrepreneur Awards" from Capital Entrepreneur in February 2017.

Mr. Choy has been active in Hong Kong's health food industry and business circles. He has been appointed as a council member of Hong Kong Health Food Association and an honorary president of The Cosmetic & Perfumery Association of Hong Kong Limited since 2010 and 2014, respectively. He has served as an Honourable Career Advisor of Hong Kong Baptist University Career Mentorship Programme since 2009, a honorary advisor for Health & Applied Sciences Division of the School of Continuing and Professional Studies of The Chinese University of Hong Kong since September 2013 and a Mentor of Hong Kong Science and Technology Parks Corporation Mentorship Programme since 2019. Mr. Choy has also been a mentor of Small and Medium-sized Enterprises Mentorship Programme of the Employees Retraining Board since 2015, Hong Kong Trade Development Council Mainland Business Advisory Committee since 2019 and Expert Group Member of HKSAR Commerce and Economic Development Bureau E-commerce Development Task Force since 2024. He has been appointed as a member of the Dalian Committee of Chinese People's Political Consultative Conferences since 2023.

In addition to the above achievements, Mr. Choy has taken active participation in Hong Kong's education, social activities and development. Mr. Choy has been appointed to the public positions below:

- Chief President of the Leadership Institute on Narcotics organised by Narcotics Bureau of Hong Kong Police Force since 2021;
- Honorary President for Hong Kong Police Force Honorary President Council of MongKok District Junior Police Call since 2018;
- Scholarship committee member of the Future Stars — Upward Mobility Scholarship organised by HKSAR Commission on Poverty since 2019;
- Mentor of Future Stars — the Future Stars Mentoring Programme organised by HKSAR Commission on Poverty since 2021;
- SC.Net member of the Community Investment and Inclusion Fund organised by HKSAR's Labour and Welfare Bureau since 2020;



## Directors and Senior Management

- Advisor of HKSAR Auxiliary Medical Service Officers' Club in Kwai Tsing District since 2018;
- Liaison Officer I (KTY), HKSAR Auxiliary Medical Service since 2021;
- Chief Supervisor of Hong Kong Road Safety Patrol in Kowloon West District since 2022;
- Commander of Hong Kong Road Safety Patrol in Kowloon City District since 2022;
- Committee member of The Kowloon City District Road Safety Campaign Committee since 2022;
- Healthy City Steering Committee Member in Kwun Tong District since 2016;
- Mentor of Mentorship Programme of Chinese University of Hong Kong since 2021;
- Committee member of the Advisory Board on College General Education, United College of The Chinese University of Hong Kong since 2023;
- Committee Member of Advisory Committee of "Start-up and SME Resource Centre (SSRC)" of the School of Business of The Hang Seng University of Hong Kong since 2024;
- Manager of Ning Po College Incorporated Management Committee since 2012;
- Chairman of Ning Po College Alumni Association Education Fund Executive Committee since 2010;
- Director of Tien Dao Worldwide Organisations Limited since 2019;
- Director of Tien Dao Publishing House Limited since 2017;
- Counselor of GoodNews Communication International Ltd since 2021; and
- Vice President of The Karatedo Federation of Hong Kong, China Limited since 2023.

Mr. Choy is the spouse of Ms. Ho Ka Man (executive Director, Vice Chairman, Co-CEO and marketing director of the Group) and the brother-in-law of Mr. Ho Chun Kit, Saxony (executive Director and business development director of the Group).

**Ms. Ho Ka Man (何家敏)**, aged 49, one of the founders of the Group, was appointed as a Director on 17 April 2015 and is currently an executive Director, the Vice Chairman, a Co-CEO and the marketing director of the Group. She is also a director of Truth & Faith and certain other subsidiaries of the Company and a director and shareholder of Beatitudes, a substantial shareholder of the Company. Mrs. Choy is responsible for overseeing the operation of the marketing team of the Group and formulating marketing strategies and promotion plans. Before founding the Group in 2001, Mrs. Choy (together with Mr. Choy) had been engaged in the business of trading and distribution in Hong Kong. She has more than 20 years of experience in marketing of health supplement products in Hong Kong, which she gained from the operation of the Group. Mrs. Choy has also received the award of "CEO of the year 2017" from South China Media Capital CEO, the "Outstanding Businesswomen Award 2017" from Hong Kong Commercial Daily and "GBA Outstanding Women Entrepreneur Award 2018" from Hong Kong Small and Medium Enterprises Association and Metro Finance. Under Mrs. Choy's leadership and supervision, the Group has successfully promoted the brand image and a comprehensive range of health products and has been awarded and recognised by different organisations in recent years.

## Directors and Senior Management

Mrs. Choy received a Higher Diploma of Fashion and Textile Merchandising from The Hong Kong Polytechnic University in November 1997 and was awarded a Master of Christian Studies by Evangel Seminary in June 2018. She has been appointed as a mentor of the Small and Medium-sized Enterprises Mentorship Programme of the Employees Retraining Board since 2018.

Ms. Ho is the spouse of Mr. Choy Chi Fai (executive Director, Chairman and Co-CEO) and the younger sister of Mr. Ho Chun Kit, Saxony (executive Director and business development director of the Group).

**Mr. Ho Chun Kit, Saxony (何俊傑)**, aged 54, was appointed as an executive Director on 15 May 2015 and is also the business development director of the Group. Mr. Ho joined the Group on 4 March 2013 and is currently responsible for sales and marketing development and expansion of the Group's business.

Mr. Ho obtained a Postgraduate Diploma in Marketing from The Chartered Institute of Marketing in December 2003. Prior to joining the Group, Mr. Ho has gained more than 20 years' experience in the financial market. He served as a senior manager of Nittan Capital Asia Limited between August 2005 and December 2012.

Mr. Ho is the brother-in-law of Mr. Choy Chi Fai (executive Director, Chairman and Co-CEO) and the elder brother of Ms. Ho Ka Man (executive Director, Vice Chairman, Co-CEO and marketing director of the Group).

**Mr. Au Chun Kit (區俊傑)**, aged 48, was appointed as an executive Director on 15 May 2015 and is also the operation director of the Group. Mr. Au joined the Group on 16 September 2013 and is currently responsible for the information technology system and infrastructure of the Group, including development of the online sales channels and maintenance of the Enterprise Resource Planning (ERP) system. He is also in charge of the administrative support of the specialty stores and sales counters at consignee retail stores.

Mr. Au received a Bachelor of Engineering degree in Computer Sciences from the Hong Kong University of Science and Technology in November 1998. Prior to joining the Group, Mr. Au worked as a senior system analyst (later promoted to information technology manager) at Hong Yip Service Company Limited (a subsidiary of Sun Hung Kai Properties Limited (stock code: 00016), a company listed on the Main Board of the Stock Exchange) between September 2006 and August 2013. Mr. Au possesses more than 20 years' experience working in information technology and management in a wide range of industries.

Mr. Au is the cousin-in-law of Ms. Tang Wing Shan (Company Secretary and financial controller of the Group).

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Prof. Luk Ting Kwong (陸定光)**, aged 69, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Nomination Committee and a member of the Audit Committee. Prof. Luk is responsible for providing independent advice to the Board. Prof. Luk received the degrees of Master of Business Administration and Doctor of Philosophy from the University of New South Wales in October 1985 and May 2001, respectively.

## Directors and Senior Management

Prof. Luk has been a Professor of Marketing, Academic Director of MBA/EMBA/DBA (Asia) at the Emlyon Business School (France) and a director of Eurasia Centre for Brand Management since January 2019. He is a brand guru and has extensive brand and marketing management experience in Hong Kong and the Mainland China. He is the founder of the Asian Centre for Brand Management (currently known as Asian Centre for Branding & Marketing) at The Hong Kong Polytechnic University. He has been appointed as a member of the Technical Advice Committee of the Hong Kong Brand Development Council and a consultant at the Federation of Hong Kong Brands since April 2008. He is also the Independence Code of Administrator of the Hong Kong Direct Marketing Association. Prof. Luk is currently a director of Sherriff & Associates Co. Ltd. (Hong Kong).

**Ms. Pang Sin Mei Ada (彭倩薇)**, aged 62, was appointed as an INED with effect from 4 January 2024. She is the chairman of the Audit Committee and a member of the Remuneration Committee. Ms. Pang is responsible for providing independent advice to the Board. She holds a professional diploma in accountancy with the Hong Kong Polytechnic University and a master's degree in general business administration with the University of Hull in United Kingdom. Ms. Pang has been a fellow member of the Association of Chartered Certified Accountants since 1996 and an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) since 1991.

Ms. Pang has over 36 years of experience in financial and management accounting. She has joined Zuellig Pharma Limited ("**Zuellig**") (Zuellig is an international company which provides world-class distribution, digital and commercial services in Asia) since 1993. Her current position at Zuellig is director of finance and she is responsible for managing and supervising Zuellig's finance team and related functions including financial reporting, treasury, internal control and risk management. She also works with its management team for contract negotiation, business strategies and evaluation. Before joining Zuellig, Ms. Pang had worked for major international accounting firms in Hong Kong.

**Dr. Wan Cho Yee (尹祖伊)**, aged 55, was appointed as an INED with effect from 20 July 2016. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Dr. Wan is responsible for providing independent advice to the Board. He received the degrees of Bachelor of Science in Business Administration and Master of Business Administration from San Francisco State University in January 1994 and May 1995, respectively. He also received the degree of Doctor of Business Administration from the Hong Kong Baptist University in November 2019.

Dr. Wan is the Founder of ECOACH Limited which provides training and consultancy services to different corporations, non-profit organisations and government departments in Hong Kong and the Mainland China, covering the topics of leadership, management, innovation and strategy. Besides, he is an Adjunct Lecturer of Hong Kong University SPACE teaching the topics of entrepreneurship, leading change and cultural management.

### SENIOR MANAGEMENT

**Ms. Tang Wing Shan (鄧穎珊)**, aged 49, was appointed as the Company Secretary and the financial controller of the Group in May 2015 and June 2013, respectively. She joined the Group in June 2013. Ms. Tang is responsible for managing the Group's financial team and supervising company secretarial, corporate finance, treasury, financial reporting, tax and other related financial matters.



## Directors and Senior Management

Ms. Tang obtained a Bachelor of Commerce from the University of Toronto in June 1997 and a Bachelor of Administrative Studies from York University in November 1999. She was awarded a Master of Business Administration by Laurentian University in October 2006. Ms. Tang was admitted as a Certified General Accountant by the Certified General Accountants Association of Ontario in September 2001. She became a member of the Chartered Professional Accountants of Ontario in 2014. Besides, she was admitted as a fellow member of the Association of Chartered Certified Accountants in March 2008. Ms. Tang possesses more than 20 years' experience in accounting services.

Ms. Tang is the cousin-in-law of Mr. Au Chun Kit (executive Director and operation director of the Group).

**Ms. Mo Suet Lin (巫雪蓮)**, aged 47, is a deputy director of marketing department of the Group. She joined the Group in August 2013. Ms. Mo is responsible for promotion activities, publicity materials and brand image of the Group.

Ms. Mo obtained a Bachelor of Arts degree in Chinese Language and Literature from the Hong Kong Baptist University in December 2000. Ms. Mo completed a course held by Beauty Tech and was awarded a certificate of Diploma in Beauty Therapy. She was also awarded a Diploma in Beauty Therapy (China) by the City and Guilds of London Institute in July 2005. She completed the Postgraduate Diploma in Education from The Chinese University of Hong Kong in December 2010. Before joining the Group, Ms. Mo joined Intelligent Beauty Tech Trading Ltd. as a beauty purchaser between October 2012 and March 2013.

**Ms. Lai Ka Wai (黎家蕙)**, aged 38, is a human resources and administrative deputy director of the Group. She joined the Group in November 2005. Ms. Lai oversees human resources and general administration matters.

Ms. Lai obtained a Diploma in Accounting Studies from YMCA College of Careers in June 2004. She was awarded a Certificate of Business Calculations certified by the London Chamber of Commerce and Industry. Ms. Lai joined the Group as an accounting clerk in November 2005. She was promoted to the senior management in February 2015 based on her experience in administration and dedication to the Group in the past 10 years. She was further promoted to a human resources and administrative deputy director in April 2022.

# Corporate Governance Report

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

## CORPORATE GOVERNANCE PRACTICES

Save for the deviation from code provision C.2.1 of the CG Code as disclosed in this report below, the Company has adopted and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the CG Code during the Year.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

## CORPORATE CULTURE AND VALUES

The Board endeavors to establish a "caring and loving corporate culture" and continually reinforce the desired corporate culture which is aligned with the Group's purpose, values and strategy and promote the corporate culture throughout the Company.

For detailed information about the Company's vision and mission, please refer to pages 6 to 13 of this Annual Report.

## BOARD OF DIRECTORS

### Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Articles of Association. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to the management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

# Corporate Governance Report

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

## Composition

The Company holds the view that the Board should include a balanced composition of executive Directors and INEDs so that there is a strong independent element on the Board which can effectively exercise independent judgement.

As at the date of this annual report, the Board comprises the following seven Directors, of which the INEDs in aggregate represent over 40% of the Board members:

## Executive Directors

Mr. Choy Chi Fai (*Chairman and Co-CEO*)  
Ms. Ho Ka Man (*Vice Chairman and Co-CEO*)  
Mr. Ho Chun Kit, Saxony  
Mr. Au Chun Kit

## INEDs

Prof. Luk Ting Kwong  
Mr. Ko Ming Kin (*Passed away on 5 October 2023*)  
Ms. Pang Sin Mei Ada (*Appointed on 4 January 2024*)  
Dr. Wan Cho Yee

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The family relationship among certain executive Directors is as follows:

Name of executive Directors	Relationship with		
	Mr. Choy Chi Fai	Ms. Ho Ka Man	Mr. Ho Chun Kit, Saxony
Mr. Choy Chi Fai	—	Husband	Brother-in-law
Ms. Ho Ka Man	Wife	—	Younger sister
Mr. Ho Chun Kit, Saxony	Brother-in-law	Elder brother	—

Save as disclosed aforesaid, there was no financial, business, family or other material relationship among the Directors.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.



## Corporate Governance Report

Save for the disclosure in the section headed “Compliance with Rules 3.10, 3.21 and 3.25 of the Listing Rules” below, throughout the Year, the Company had three INEDs, meeting the requirements of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the Year and up to the date of this annual report.

During the Year, the Chairman, being an executive Director, held one meeting with the INEDs without the presence of other Directors.

Proper insurance coverage in respect of legal actions against the Directors has been arranged by the Company.

### **Compliance with Rules 3.10, 3.21 and 3.25 of the Listing Rules**

Immediately following the passing away of Mr. Ko Ming Kin as an INED, the chairman of the Audit Committee and a member of the Remuneration Committee on 5 October 2023, the Company did not meet the requirement of Rules 3.10, 3.21 and 3.25 of the Listing Rules. On 4 January 2024, following the appointment of Ms. Pang Sin Mei Ada as an INED, the chairman of the Audit Committee and a member of the Remuneration Committee, the Company has fulfilled the aforesaid requirements of the Listing Rules.

### **Directors’ Induction and Continuing Professional Development**

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company’s operations and business and is fully aware of the director’s responsibilities under statutes and common law, the Listing Rules, other legal and regulatory requirements and the Company’s business and governance policies.

Ms. Pang Sin Mei Ada was appointed as an INED on 4 January 2024. She obtained legal advice on 4 January 2024 as required under rule 3.09D of the Listing Rules from the legal advisor of the Company and confirmed she understood her obligations as a director of a listed company.

In compliance with code provision C.1.4 of the CG Code, the Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company’s expense and they have been requested to provide the Company with their training records.

During the Year, all Directors, namely Mr. Choy, Ms. Ho, Mr. Ho Chun Kit, Saxony, Mr. Au Chun Kit, Prof. Luk Ting Kwong, Ms. Pang Sin Mei Ada (appointed on 4 January 2024) and Dr. Wan Cho Yee had participated in continuing professional development by reading updates provided by the Company Secretary to refresh their knowledge in corporate governance and directors’ duties and responsibilities.

# Corporate Governance Report

## Meetings of the Board and the Shareholders and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the regular Board meeting, or such other period as agreed for other Board meetings. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

The Board held 4 meetings during the Year and, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the year ended 31 March 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023.

The attendance of each Director at the Board meetings during the Year is as follows:

<b>Name of Directors</b>	<b>No. of Attendance/ No. of Meeting(s)</b>
Mr. Choy Chi Fai	4/4
Ms. Ho Ka Man	4/4
Mr. Ho Chun Kit, Saxony	4/4
Mr. Au Chun Kit	4/4
Prof. Luk Ting Kwong	4/4
Mr. Ko Ming Kin ( <i>Passed away on 5 October 2023</i> )	2/2
Ms. Pang Sin Mei Ada ( <i>Appointed on 4 January 2024</i> )	1/1
Dr. Wan Cho Yee	4/4

During the Year, the Company held 1 AGM and was attended by all Directors, namely Mr. Choy, Ms. Ho, Mr. Ho Chun Kit, Saxony, Mr. Au Chun Kit, Prof. Luk Ting Kwong, Mr. Ko Ming Kin and Dr. Wan Cho Yee.

## CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. In view of the present composition of the Board, the in-depth knowledge of the Chairman (who is also a Co-CEO) of the operations of the Group and the health and personal care industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Choy to assume the roles of both the Chairman and the Co-CEO. As all major decisions are made in consultation with all the members of the Board, with the three INEDs offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

# Corporate Governance Report

## BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

### Audit Committee

The Audit Committee was established on 20 July 2016 with written terms of reference in compliance with the CG Code and the Listing Rules. Such terms of reference were revised with effect from 1 January 2019. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. It comprises three INEDs, namely Ms. Pang Sin Mei Ada, Prof. Luk Ting Kwong and Dr. Wan Cho Yee. Ms. Pang Sin Mei Ada is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging an external auditor to supply non-audit services;
- reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements, annual report and accounts, half-year report, and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's financial controls, and risk management and internal control systems;
- discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have such effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing the Group's financial and accounting policies and practices;



## Corporate Governance Report

- reviewing the external auditor's management letter, any material queries raised by the auditor to senior management about the accounting records, financial accounts or systems of control and senior management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter; and
- considering other topics as determined by the Board.

During the Year, 3 Audit Committee meetings were held and, amongst other matters, (i) considered and approved for presentation to the Board for consideration and approval of the audited consolidated financial statements of the Group for the year ended 31 March 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023; (ii) reviewed the risk management and internal control systems (including those relating to the Group's Environmental, Social and Governance risk, performance and reporting); and (iii) discussed with independent auditor about the audit plan for the audit for the year ended 31 March 2024.

The attendance of each INED at the Audit Committee meetings during the Year is as follows:

<b>Name of Directors</b>	<b>No. of Attendance/ No. of Meeting(s)</b>
Mr. Ko Ming Kin ( <i>Passed away on 5 October 2023</i> )	1/1
Ms. Pang Sin Mei Ada ( <i>Appointed on 4 January 2024</i> )	1/1
Prof. Luk Ting Kwong	3/3
Dr. Wan Cho Yee	3/3

### Remuneration Committee

The Remuneration Committee was established on 20 July 2016 with written terms of reference in compliance with the CG Code and the Listing Rules. Such terms of reference were revised with effect from 17 March 2023. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises two INEDs, namely Dr. Wan Cho Yee and Ms. Pang Sin Mei Ada, and an executive Director Mr. Choy Chi Fai. Dr. Wan Cho Yee is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives;

## Corporate Governance Report

- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of the non-executive Directors;
- considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;
- reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;
- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Year, 2 Remuneration Committee meetings were held and, amongst other matters, (i) considered and approved for presentation to the Board for consideration and approval the remuneration of the Directors and senior management; and (ii) reviewed the share option scheme of the Company.

The attendance of each Director at the Remuneration Committee meetings during the Year is as follows:

<b>Name of Directors</b>	<b>No. of Attendance/ No. of Meeting(s)</b>
Dr. Wan Cho Yee	2/2
Mr. Ko Ming Kin ( <i>Passed away on 5 October 2023</i> )	1/1
Ms. Pang Sin Mei Ada ( <i>Appointed on 4 January 2024</i> )	1/1
Mr. Choy Chi Fai	2/2

### Nomination Committee

The Nomination Committee was established on 20 July 2016 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. It comprises two INEDs, namely Prof. Luk Ting Kwong and Dr. Wan Cho Yee, and an executive Director Mr. Choy Chi Fai. Prof. Luk Ting Kwong is the chairman of the Nomination Committee.

## Corporate Governance Report

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs;
- making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the chief executives; and
- reviewing the policy on Board diversity and any measurable objectives for implementing such policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives.

During the Year, 1 Nomination Committee meeting was held and, amongst other matters, considered, assessed and approved (i) the structure, size and composition of the Board; (ii) the independence of the INEDs; (iii) the recommendations to be made to the Board on the re-appointment of retiring Directors at the AGM held in September 2023; (iv) the measurable objectives (including the skills set, knowledge and experience) for implementing the policy on Board diversity and the progress on achieving the objectives; and (v) the appointment of an INED.

The attendance of each Director at the Nomination Committee meetings during the Year is as follows:

<b>Name of Directors</b>	<b>No. of Attendance/ No. of Meeting(s)</b>
Prof. Luk Ting Kwong	1/1
Dr. Wan Cho Yee	1/1
Mr. Choy Chi Fai	1/1

### **Nomination Policy**

#### ***Purpose***

This policy sets out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment or (ii) the Shareholders for election, as a Director.



# Corporate Governance Report

## ***Nomination Criteria***

The Nomination Committee will consider a number of factors in making nominations, including but not limited to the following:

- The candidate should possess the skills, knowledge and experience which are relevant to the business of the Company or its subsidiaries;
- The candidate should be able to devote sufficient time to attend Board meetings and participate in induction, trainings and other Board associated activities;
- Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives (including but not limited to gender, age and cultural/professional background etc.) and the balance of skills and experience in Board composition;
- The candidate must satisfy the Board that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence as a Director; and
- The candidate to be nominated as an INED must comply with the independence criteria set out in Rule 3.13 of the Listing Rules.

## ***Nomination Procedures***

- If the Nomination Committee determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate;
- The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board; and
- On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as Director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

## **Board Diversity Policy**

The Board has adopted a policy of the Board diversity ("**Board Diversity Policy**") and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board nominations, appointments and re-appointment will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members and the nomination policy of the Company. 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 and knowledge.

# Corporate Governance Report

The Board will strive to maintain gender diversity when recruiting and selecting the workforce across the Group's operation. As at 31 March 2024, the Board members include two female member which achieved gender diversity in respect of the Board. There were also three female senior management positions.

The Nomination Committee will review the Board Diversity Policy at least annually to ensure that its continued effectiveness, and where necessary, will make revisions that may be required and recommend any such revision to the Board for consideration and approval.

At the meeting held on 26 June 2024, the Nomination Committee has reviewed the Board Diversity Policy and was satisfied with its implementation and effectiveness during the Year.

## Workforce Diversity

As at 31 March 2024, the ratio of male and female in the workforce by gender of the Group (including senior management) is 7.6% and 92.4% respectively as set out in "Environmental, Social and Governance Report" of this annual report. The Board is satisfied that the Company has achieved gender diversity in its workforce and will thrive to maintain the current balance which is considered at acceptable level.

## Independent Views of the Board

In compliance with code provision B.1.4 of the CG Code, the Company has established mechanisms to ensure that a strong independent element on, and independent views and input are available to the Board (the "**Mechanisms**").

The Mechanisms cover composition of the Board and Board committees; independence assessment; compensation; Board decision making; and review of the policy implementation.

The Board have also taken into account the respective contributions of the independent non-executive Directors to the Board and their firm commitments to their independent roles. During the Year, all the independent non-executive Directors do not hold any cross-directorships or have any significant links with other Directors through involvement in other companies or bodies that could give rise to conflicts of interest in their roles as independent non-executive Directors and they are not involved in the daily management of the Company nor in any relationships or circumstances which would affect the exercise of their independent judgment. They continue to demonstrate their ability to provide an independent, balanced and objective view to the affairs of the Company.

The Board will review the implementation and effectiveness of the Mechanisms annually. At the meeting held on 26 June 2024, the Board has reviewed the implementation and effectiveness of the Mechanisms during the Year and considered that the Mechanisms remain effective.

## Anti-corruption Policy

To outline the Company's expectations and requirements on prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities; and to provide information and guidance on recognising and dealing with bribery and corruption, the Company has established its group-wise anti-corruption policy ("**Anti-corruption Policy**") that complies with code provision D.2.7 of the CG Code.

## Corporate Governance Report

Under the Anti-corruption Policy, the guidance on common forms of bribery and corruption are listed for compliance of all business units and employees of the Group. Any individual who knows of, or suspects a violation of the Anti-corruption Policy and any employee who receive an offer of bribery is encouraged to report the concern to his/her supervisor and/or the Board. During the Year, no case of corruption or non-compliance with any rules and regulations as regards as Anti-corruption Policy was reported.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

### Whistle-blowing Policy

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability, the Company has established a whistleblowing policy ("**Whistle-blowing Policy**") which forms an important part of its effective risk management and internal control systems.

Under the Whistle-blowing Policy, the whistleblowers can be any employee of the Group or any third party who deal with the Group (e.g. customers, suppliers, etc.). The whistleblowers who wish to report a concern can send a written whistleblowing report to the Audit Committee. All reported cases are investigated confidentially to ensure the whistleblower is protected. During the Year, no suspected whistle-blowing activity was reported.

The Whistle-blowing Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

### Corporate Governance Functions

The Board recognises that corporate governance should be the collective responsibility of the Directors, which includes but is not limited to:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing on 12 September 2019 and renewed their respective three-year service contracts with the Company effective on 12 September 2022.

## Corporate Governance Report

Each of Dr. Wan Cho Yee and Prof. Luk Ting Kwong, the INEDs entered into a service contract with the Company for a period of three years effective on 12 September 2019 and renewed their respective three-year service contracts with the Company on 12 September 2022. Ms. Pang Sin Mei Ada, an INED, entered into a letter of appointment with the Company from 4 January 2024 up to 11 September 2025.

None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the employer within one year without the payment of compensation (other than the statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first AGM after his/her appointment and shall be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the first AGM after his/her appointment and shall then be eligible for re-election.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 March 2024 are set out in note 12 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the biographical details of the members of the senior management (other than the Directors) are contained in the section headed "Directors and Senior Management" in this annual report for the year ended 31 March 2024. Below table set out the emoluments of the senior management by band during the Year:

<b>Remuneration band (in HK\$)</b>	<b>Number of individual(s)</b>
Nil to 1,000,000	3



# Corporate Governance Report

## INDEPENDENT AUDITOR'S REMUNERATION

For the Year, Asian Alliance (HK) CPA Limited ("**Asian Alliance**") was engaged as the Group's independent auditor.

The remuneration payable to independent auditor for the year ended 31 March 2024 is set out below:

<b>Services</b>	<b>Fee Payable HK\$</b>
Audit services	760,000
Non-audit services	50,000

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2024.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Asian Alliance has stated in the independent auditor's report its reporting responsibilities on the Group's consolidated financial statements for the year ended 31 March 2024.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems including those related to the issues as set out in the section "Environmental, Social and Governance Report" of this annual report that are significant to the operation of the Company and/or substantially affecting the Shareholders and other key stakeholders, to ensure compliance with the relevant legal and regulatory requirements of the ESG Reporting Guide and the Listing Rules. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Company has reviewed the need for an internal audit function since the Listing Date and considered it appropriate to outsource the internal audit function. Accordingly, the Company has engaged an external professional company to provide internal audit services to the Group on an annual basis.

During the year ended 31 March 2024, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the Year covering all material controls, including financial, operational and compliance as well as risk management. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

# Corporate Governance Report

## DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced as soon as possible when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company’s website; and
- the Group has strictly prohibited unauthorised use of confidential or inside information.

## COMPANY SECRETARY

Since May 2015, the Company has appointed Ms. Tang Wing Shan as the Company Secretary who has sound understanding of the operations of the Board and the Group. She was closely involved in the preparation of the Listing. During the year ended 31 March 2024, Ms. Tang has received not less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

As the Company Secretary, Ms. Tang has been reporting to the Chairman who is also a Co-CEO. All members of the Board can have access to her advice and services. The appointment and removal of the Company Secretary will be subject to the Board’s approval.

## DEED OF NON-COMPETITION

The Company has received an annual written confirmation from each of the controlling shareholders of the Company, namely Mr. Choy, Ms. Ho and Beatitudes in respect of him/her/it and his/her/its associates in compliance with the undertakings given under the deed of non-competition dated 20 July 2016 and signed by Mr. Choy, Ms. Ho and Beatitudes in favour of the Company (the “**Deed of Non-competition**”). Details of the Deed of Non-competition are set out in the section headed “Deed of Non-competition” of “Relationship with Controlling Shareholder” in the Prospectus. The INEDs had reviewed the confirmations and did not notice any incident of non-compliance with the Deed of Non-competition.

## SHAREHOLDERS’ RIGHTS

### Procedures for Putting Forward Proposals at Shareholders’ Meetings

Shareholders are welcome to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders’ meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Shareholders who wish to make proposals or move a resolution may convene an EGM in accordance with the “Procedures for Shareholders to Convene an EGM” set out below.

# Corporate Governance Report

## Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company (excluding treasury shares, if any) carrying the right of voting at general meetings of the Company (the “**Eligible Shareholder(s)**”) shall at all times have the right, by written requisition to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at Office E, 30/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the requisitionists will be verified with the Company’s branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If the Board fails to proceed to convene such meeting within 21 days of the deposit of the Requisition, the requisitioner(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

## Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong, presently at Office E, 30/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong, by post or by email to [info@ausupreme.com](mailto:info@ausupreme.com), for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board’s purview to the executive Directors;
2. the matters within a Board committee’s area of responsibilities to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

# Corporate Governance Report

## COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

The Board has reviewed the Group's shareholders and communication activities conducted during the Year and is satisfied with the implementation and effectiveness of the Shareholders' communication policy.

## DIVIDEND POLICY

All dividend distribution of the Company is adequately provided and complied with the requirements of the M&A and applicable laws and regulations. The declaration and payment of dividends should be limited by legal restriction and by loan or other agreement that the Company and its subsidiaries have entered into or may enter into in the future.

In general, final dividend distribution will be recommended by the Board and approved by the Shareholders.

The procedures of dividend distribution are as follows:

- (a) The Company may distribute dividend by way of cash or by other means that the Board considers appropriate;
- (b) The Board may recommend a distribution of dividends in the future after taking into account the result of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other condition that the Board may deem relevant;
- (c) The Company should not assure to distribute any amount of dividend in any year;
- (d) Any proposed distribution of dividends is subject to the discretion of the Board and the approval of the Shareholders, if necessary; and
- (e) The Company Secretary prepares relevant documents and announcements (including notice and minutes) for Directors' meeting and Shareholders' meeting. All documents are finally filed in the statutory records at the financial department.

## CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the year ended 31 March 2024. The M&A is available on the respective websites of the Stock Exchange and the Company.



# Report of the Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES

During the Year and up to the date of this report, the principal activity of the Company is investment holding and the principal business activities of the Group are retail and wholesale of health and personal care products. The Group is a Hong Kong-based brand builder, retailer and wholesaler of health and personal care products focusing on the developing, marketing, selling and distributing of the branded products managed by the Group through “澳至尊” sales and distribution network.

An analysis of the Group’s segment information for the Year by sales channels, categories and geographical areas is set out in note 7 to the consolidated financial statements.

## RESULTS AND DIVIDENDS

Details of the consolidated profit of the Group for the Year and the Group’s financial position as at 31 March 2024 are set out in the consolidated financial statements and their accompanying notes on pages 96 to 186 of this annual report.

The Board has resolved to recommend a final dividend of HK2 cents per Share for the year ended 31 March 2024, totalling HK\$15,240,000 (2023: HK1 cent, totalling HK\$7,620,000) payable to the Shareholders whose names will appear on the register of members of the Company on 25 September 2024. Such payment of dividend will be subject to the approval of the Shareholders at the AGM to be held on 12 September 2024 and has not been recognised as a liability in this annual report. If the resolution for the proposed final dividend is passed at the AGM, the final dividend will be payable on or around 8 October 2024.

## BUSINESS REVIEW

A fair review of the businesses of the Group, an indication of likely future development in the Group’s business as well as a discussion and analysis of the Group’s performance during the Year using financial key performance indicators and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed “Management Discussion and Analysis” set out on pages 17 to 22 of this annual report. The financial risk management objectives and policies of the Group are set out in note 6(b) to the consolidated financial statements. These discussions form part of this report.

# Report of the Directors

## **Principal Risks and Uncertainties**

The following list, although not exhaustive, highlights the principal risks and uncertainties facing the Group.

### ***Impact of Local and International Regulations***

Our business is principally regulated by various laws and regulations in the places where we operate our business as well as the relevant sub-legislations and regulations. Various registrations, certificates and/or licences for the conduct of our business are required under the relevant laws and regulations, which also contain provisions for requirements on the storage, labelling, advertising and importation of some of our products. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducts studies to assess the impact of such changes.

### ***Third-Party Risks***

The Group's sales and supply of products have been relying on third parties. While gaining the benefits from external parties, the management realises that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service, including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group only engages reputable suppliers and consignees as well as closely monitors their performance.

### ***Financial Risks and Estimation Uncertainty***

The risks of the Group include market risks (i.e. currency risk and interest rate risk), credit risk and liquidity risk. The key sources of estimation uncertainty and financial risk are set out in note 4 and note 6 to the consolidated financial statements in this annual report, respectively.

## **Event after the Reporting Period**

A final dividend in respect of the year ended 31 March 2024 of HK2 cents per ordinary share, in an aggregate amount of HK\$15,240,000 was proposed pursuant to a resolution passed by the Board on 26 June 2024 and will be subject to the approval of the Shareholders at the AGM to be held on 12 September 2024.

## **Environmental, Social and Governance Report**

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.

Detailed information on the environmental, social and governance practices adopted by the Group is set out in the "Environmental, Social and Governance Report" on pages 58 to 88 of this annual report.

# Report of the Directors

## Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Group's policies and practices on compliance with legal and regulatory requirements are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself was incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange in Hong Kong. Our establishment and operations accordingly have complied with relevant laws and regulations in Hong Kong and the Cayman Islands during the Year.

## Relationships with Employees, Customers and Suppliers

The Group ensures that all staff are reasonably remunerated and we regularly review and improve our policies on remuneration and benefits, training, occupational health and safety.

The Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers.

## SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 30 to the consolidated financial statements in this annual report.

## FINANCIAL STATEMENTS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 96. The financial position of the Group as at 31 March 2024 is set out in the consolidated statement of financial position on pages 97 to 98. The financial position of the Company as at 31 March 2024 is set out in note 34 to the consolidated financial statements on pages 180 to 181. The cash flows of the Group for the year ended 31 March 2024 are set out in the consolidated statement of cash flows on pages 100 to 101.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements in this annual report.

# Report of the Directors

## INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the Year are set out in note 18 to the consolidated financial statements and section “Particulars of Investment Properties” in this annual report.

## RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in consolidated statement of changes in equity and note 34 to the consolidated financial statements in this annual report, respectively.

## DISTRIBUTABLE RESERVES

The Company’s reserves available for distribution represent the aggregate of share premium plus retained profit. Under the Companies Act of the Cayman Islands, the reserves of the Company are available for paying distributions or dividends to Shareholders subject to the provisions of its M&A. As at 31 March 2024, the reserves available for distribution to Shareholders were approximately HK\$115,675,000 which represented the aggregate of share premium of HK\$91,260,000 plus retained profit of HK\$24,415,000.

## DONATIONS

During the year ended 31 March 2024, the Group’s charitable and other donations amounted to HK\$465,000 (2023: HK\$132,000).

## DIRECTORS

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

### Executive Directors

Mr. Choy Chi Fai (*Chairman and Co-CEO*)  
Ms. Ho Ka Man (*Vice Chairman and Co-CEO*)  
Mr. Ho Chun Kit, Saxony  
Mr. Au Chun Kit

### Independent Non-executive Directors

Prof. Luk Ting Kwong  
Mr. Ko Ming Kin (*Passed away on 5 October 2023*)  
Ms. Pang Sin Mei Ada (*Appointed on 4 January 2024*)  
Dr. Wan Cho Yee



## Report of the Directors

Pursuant to Article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Therefore, Ms. Pang Sin Mei Ada shall retire from the office at the forthcoming AGM and, being eligible, has offered herself for re-election.

Pursuant to Article 108 of the Articles of Association, at each AGM, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation and shall be eligible for re-election. Therefore, Ms. Ho Ka Man and Dr. Wan Cho Yee shall retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

All Directors are subject to retirement by rotation and re-election at the AGM at least once every three years pursuant to the Articles of Association.

The biographical details of Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 23 to 27 of this annual report.

### **INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received, from each of the INEDs, an annual written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

### **DIRECTORS' SERVICE CONTRACTS**

All Directors (including executive Directors and INEDs) were appointed for an initial term of three years and are subject to retirement by rotation at least once every three years in accordance with the Articles of Association. No Director (including any Director proposed for re-election at the forthcoming AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or subsisted at the end of the Year.

## Report of the Directors

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (i) Long positions in the Shares

Name of Directors	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares (Note 2)
Mr. Choy Chi Fai	interest in a controlled corporation (Note 1)	433,460,000	56.88%
Ms. Ho Ka Man	interest in a controlled corporation (Note 1)	433,460,000	56.88%

Notes:

- Each of Mr. Choy Chi Fai and Ms. Ho Ka Man (together as a group of the controlling shareholders) owns 50% of the issued share capital of Beatitudes, a company incorporated in the British Virgin Islands and considered as the parent and ultimate parent company of the Company, respectively. As at 31 March 2024, Beatitudes was the beneficial owner holding an approximately 56.88% shareholding interest in the Company and thus, each of Mr. Choy Chi Fai and Ms. Ho Ka Man was deemed or taken to be interested in all the Shares which were beneficially owned by Beatitudes for the purpose of the SFO.
- The percentage of shareholding interest in the Company shown in the table above is calculated on the basis of 762,000,000 Shares in issue as at 31 March 2024.

#### (ii) Long positions in the ordinary shares of Beatitudes — an associated corporation of the Company

Name of Directors	Capacity/Nature of Interests	Number of ordinary shares held	Percentage of the total issued ordinary shares of Beatitudes
Mr. Choy Chi Fai	Beneficial owner	50	50%
Ms. Ho Ka Man	Beneficial owner	50	50%

## Report of the Directors

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which had notified to the Company and the Stock Exchange under the SFO or pursuant to Section 352 of the SFO, entered in the register referred to therein or which were, pursuant to the Model Code, notified to the Company and the Stock Exchange.

### SHARE OPTION SCHEME

Pursuant to the written resolution of the sole Shareholder passed on 20 July 2016, the Company adopted a share option scheme (the “**Share Option Scheme**”) conditional upon the Listing. The Share Option Scheme became effective on the Listing Date. No share options have been granted since the Listing Date and therefore, there were no outstanding share options as at 1 April 2023 and 31 March 2024 and no share options were exercised or cancelled or lapsed during the Year.

As at 1 April 2023 and 31 March 2024, the number of share options under the Share Option Scheme available to be granted are 75,000,000 Shares, respectively.

The principal terms of the Share Option Scheme are set out as follows:

#### (1) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants (as stated below) and to promote the success of the business of the Group.

#### (2) Eligible participants

The Board may, at its absolute discretion and on such terms as it may think fit, offer to grant an option to subscribe for such number of Shares as it may determine to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, who, in the opinion of the Board, has contributed or will contribute to the development and growth of the Group.

#### (3) Maximum number of Shares available for issue

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 75,000,000 Shares, representing approximately 9.84% of all the Shares in issue (excluding treasury shares, if any) as at the date of this annual report.

#### (4) Maximum entitlement of each eligible participant

Unless approved by the Shareholders in general meeting and subject to the following paragraph, the total number of Shares issued and to be issued upon exercise of options granted to any eligible participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue (excluding treasury shares, if any).

## Report of the Directors

Where any grant of options to a substantial Shareholder or an INED (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options is required to be approved by Shareholders at a general meeting of the Company.

### **(5) Period within which the securities must be exercised under an option**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

### **(6) Minimum period for which an option must be held before it can be exercised**

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board in the relevant offer of options.

### **(7) Period for and consideration payable on acceptance of an option**

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

### **(8) Basis of determining the exercise price**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of:

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

### **(9) Remaining life**

The Share Option Scheme will remain in force for a period of ten years commencing on the date of adoption of the Share Option Scheme and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.



# Report of the Directors

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above:

- (a) at no time during the Year or at the end of the Year was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and
- (b) none of the Directors or their spouses or children had any right to subscribe for the securities of the Company or had exercised any such right during the Year.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2024, so far as it is known by or otherwise notified to any Director or the chief executives of the Company, the corporation and the person named below (other than a Director or the chief executive of the Company) had a long position in the following Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholders	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of the total issued Shares (Note 2)
Beatitudes	Beneficial owner (Note 1)	433,460,000	56.88%
Gao Yuan	Beneficial owner	93,635,000	12.29%

Notes:

1. Beatitudes is a company incorporated in the British Virgin Islands, which owned an approximately 56.88% shareholding interest in the Company as at 31 March 2024.
2. The percentage of shareholding interest in the Company shown in the table above is calculated on the basis of 762,000,000 Shares in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any corporation which/person (other than a Director or the chief executive of the Company) who had interest or short position in the Shares or underlying Shares, which had been disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

## REMUNERATION OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five individuals with the highest emoluments are set out in note 12 and note 13 to the consolidated financial statements in this annual report, respectively.

# Report of the Directors

## UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the updated details of Directors' information can be found in the section headed "Directors and Senior Management" on pages 23 to 27 of this annual report.

For information in relation to the emoluments of the Directors for the years ended 31 March 2023 and 2024, please refer to note 12 to the consolidated financial statements in this annual report. After the year ended 31 March 2024 and up to the date of this annual report, the changes of Directors' emoluments for the Company are set out below:

<b>Name of Directors</b>	<b>Previous monthly basic salaries and allowances from the Company HK\$</b>	<b>Monthly basic salaries and allowances from the Company (with effect from 1 April 2024) HK\$</b>
Mr. Choy Chi Fai	130,000	133,000
Ms. Ho Ka Man	130,000	133,000
Mr. Ho Chun Kit, Saxony	83,000	85,300
Mr. Au Chun Kit	71,500	73,800

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors had any interest in a business apart from the Group's business that competed or was likely to compete, whether directly or indirectly, with the business of the Group. All of them declared that they had not engaged in business apart from the Group's business that competed or was likely to compete, whether directly or indirectly, with the business of the Group during the Year.

## DEED OF NON-COMPETITION

The Company has received an annual written confirmation from each of the controlling shareholders of the Company, namely Mr. Choy, Ms. Ho and Beatitudes in respect of him/her/it and his/her/its associates in compliance with the undertakings given under the Deed of Non-competition. Details of the Deed of Non-competition are set out in the section headed "Deed of Non-competition" of "Relationship with Controlling Shareholder" in the Prospectus. The INEDs had reviewed the confirmations and did not notice any incident of non-compliance with the Deed of Non-competition.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in note 32 to the consolidated financial statements headed "Material Related Party Transactions" in this annual report and the section headed "Connected Transaction" of this report below, no Director nor a connected entity of a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisted at any time during the year under review or at the end of the Year.

# Report of the Directors

## **CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS**

Save as disclosed in note 32 to the consolidated financial statements in this annual report and the section headed "Connected Transaction" of this report below, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## **PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

Pursuant to the Articles of Association, every Director or other officer of the Company shall be indemnified out of assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such articles shall only have effect in so far as their provisions are not avoided by the applicable laws and regulations. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year under review.

The relevant provisions in the Articles of Association and the Directors' and officers' liability insurance were in force during the Year and as of the date of this report.

## **MAJOR CUSTOMERS AND SUPPLIERS**

The five largest customers of the Group accounted for less than 10% of the Group's total revenue for the Year. In addition, the five largest distributors of the Group accounted for 63.1% (2023: 50.7%) of the Group's total revenue and the largest distributor of the Group accounted for 45.0% (2023: 34.2%) of the Group's total revenue for the Year.

We purchased finished products mainly from four suppliers in Australia and Japan (2023: five suppliers in Australia and Japan). The purchase from these major suppliers accounted for 99.9% (2023: 99.6%) and the largest supplier of the Group accounted for 64.7% (2023: 76.4%) of the Group's total purchases.

None of the Directors or any of their close associates or any Shareholders (whom to the knowledge of the Directors, own more than 5% of the total issued Shares) had any beneficial interest in the Group's five largest distributors and suppliers for the year under review.

## **FIVE-YEAR FINANCIAL SUMMARY**

The five-year financial summary of the results as well as assets and liabilities of the Group is set out in the section headed "Five-Year Financial Summary" on page 188 of this annual report.

## **MANAGEMENT CONTRACTS**

No contract, other than the executive Directors' service contracts, concerning the management and administration of the whole or any substantial part of business of the Company was entered into or existed during the year under review.

# Report of the Directors

## RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are provided under note 32 to the consolidated financial statements. Save as disclosed herein and in the paragraph headed “Connected Transaction” below, none of them constituted a one-off connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

## CONNECTED TRANSACTION

During the Year, the Group has the following connected transaction. Details are provided under note 32 of the consolidated financial statements.

Tiger 2023 Limited (“**Tiger**”), a company wholly-owned by Mr. Choy and Mrs. Choy, the executive Directors, as landlord entered into a tenancy agreement with Truth & Faith, as tenant, pursuant to which Tiger agreed to lease premises of Office E, 30/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong to Truth & Faith for a term of 3 years commencing on 1 June 2023 and expiring on 31 May 2026 (both days inclusive) at a monthly rental fee of HK\$74,000 (the “**Tiger Tenancy Agreement**”).

Given that each of Mr. Choy and Mrs. Choy is an executive Director, and that the Tiger Tenancy Agreement was entered into by the Group on the one hand, and a company ultimately and beneficially owned as to 100% by Mr. Choy and Mrs. Choy on the other hand, the Tiger Tenancy Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

Payment for lease liabilities (including interest) for the Tiger Tenancy Agreement during the period from 1 June 2023 up to 30 April 2024 were HK\$740,000 (2023: Nil) and were paid to Tiger in accordance with the terms of the Tiger Tenancy Agreement. The Directors (including the INEDs) are of the opinion that the above transaction was entered into during our ordinary and normal course of business on normal commercial terms, and the terms of the Tiger Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As a result of the application of HKFRS 16, the transaction contemplated under the Tiger Tenancy Agreement should be classified as a one-off connected transaction of the Company. Given that the highest of the applicable percentage ratios in respect of the value of right-of-use asset recognised under the transaction of the Tiger Tenancy Agreement is less than 5% and the total consideration is less than HK\$3,000,000, the transaction of the Tiger Tenancy Agreement is fully exempted from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## SUBSIDIARIES

The particulars regarding the subsidiaries of the Company are set out in note 33 to the consolidated financial statements in this annual report.

## BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2024 are set out in note 27 to the consolidated financial statements in this annual report.

# Report of the Directors

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Throughout the Year, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities (including sale of treasury shares, if any).

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares which are in the hands of the public is not less than 25% of the Company's total number of issued Shares during the Year and up to the date of this annual report.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

## **CORPORATE GOVERNANCE**

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 28 to 43 of this annual report.

## **EMOLUMENT POLICY OF THE GROUP**

The emolument policy of the senior employees of the Group is set and recommended by the Remuneration Committee on the basis of the employees' merit, qualifications and competence.

The emoluments of the Directors are formulated and recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance of the Directors and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to eligible participants.

## **TAX RELIEF**

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



# Report of the Directors

## INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by Asian Alliance, which would retire at the conclusion of the forthcoming AGM, and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders at the forthcoming AGM to re-appoint Asian Alliance as the independent auditor of the Company.

## CHANGE IN THE INDEPENDENT AUDITORS FOR THE PAST THREE YEARS

Wellink CPA Limited (“**Wellink**”) had been the independent auditor since the Listing Date. On 18 March 2022, Wellink resigned as the independent auditor. On the same date, Asian Alliance was appointed by the Board as the independent auditor to fill the casual vacancy until the conclusion of the 2022 AGM. Asian Alliance was re-appointed by the Shareholders at the 2022 AGM and 2023 AGM as the independent auditor to hold office until the conclusion of next AGM.

## REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely Ms. Pang Sin Mei Ada (chairman), Dr. Wan Cho Yee and Prof. Luk Ting Kwong.

The Audit Committee had reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2024, including the accounting principles and accounting practices adopted by the Group, and discussed matters relating to auditing, internal control and risk management systems, financial reporting and internal audit function.

On behalf of the Board

### **Choy Chi Fai**

*Chairman, Executive Director and Co-CEO*

Hong Kong, 26 June 2024

# Environmental, Social and Governance Report

## ABOUT AUSUPREME

The Group is a Hong Kong-based brand builder, retailer, and wholesaler of health and personal care products focusing on the development, marketing, sales, and distribution of the branded products. The business of the Group reaches various regions in Asia, offering top-class and quality nutrition and health products to the market.

To create greater value for our customers, the Company was listed on the Main Board of the Stock Exchange on 12 September 2016 and became the first Western-style health product company on the Main Board.

## OUR SUSTAINABILITY

The Group prioritises sustainability across environmental and social dimensions, integrating sustainable development principles into various operational areas like daily activities, long-term planning, and investments. Our commitment lies in environmental stewardship, aiming to harmonise operational efficiency with environmental preservation.

The Group always places a significant emphasis on social aspects, particularly in product safety standards, and our interactions with employees and community. We hold a fair and impartial attitude towards employment and labour treatment. In terms of product responsibility, we prioritise the quality and safety of products to safeguard the health of our customers. We value community investment as a means of generating lasting value for both stakeholders and the communities we serve.

<ul style="list-style-type: none"><li>• provide a safe working environment; and</li><li>• provide diversified training to enhance their professional skills.</li></ul> <p><b>Employee Care</b></p> 	<ul style="list-style-type: none"><li>• design a series of measures and policies to introduce high-quality products and ensure the quality stability of products.</li></ul> <p><b>Product Quality</b></p> 	<ul style="list-style-type: none"><li>• actively participate in community services; and</li><li>• support various kinds of charitable events and organisations.</li></ul> <p><b>Community Investment</b></p> 
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# Environmental, Social and Governance Report

## AWARD AND RECOGNITION

The Group has made significant progress over the past few years in implementing environmental, social and governance (“ESG”) policies and bringing positive impact. We have received various awards which recognise our effort, including but not limited to:



Quality Tourism Services (“QTS”) Retail Shop



Super Manpower Developer Award



Caring Company 5 Years+



SportsHour Company Scheme 2023–25  
Recognised Company

## ABOUT THIS REPORT

The Company is pleased to release its eighth Environmental, Social and Governance Report (the “**Report**”), to illustrate the ESG performance, corporate strategies, and future development to stakeholders. The Report has been reviewed and approved by the Board.

### Reporting Period and Scope

The Report presents the Group’s ESG measure and performance from 1 April 2023 to 31 March 2024 (the “**Reporting Period**”).

The reporting scope of the Report is consistent with the previous year. It covers all business regions of the Group, including Hong Kong, Macau, Mainland China, and Singapore.

### Reporting Standard

The Group has prepared the Report in accordance with the mandatory disclosure requirements and the “comply or explain” provisions stipulated in the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) contained in Appendix C2 to the Main Board Listing Rules published by the Stock Exchange.

# Environmental, Social and Governance Report

## Reporting Principles

The preparation of the Report is underpinned by the following reporting principles as set out in the ESG Guide:

Principles	Definitions	Applications
<b>Materiality</b>	The ESG issues that have significant impact on investors and other stakeholders should be disclosed in the Report.	The Group assessed the materiality of ESG issues through constant communications with stakeholders, Board discussions, and consideration of operational conditions. The Group has conducted a materiality assessment to identify and prioritise critical ESG issues to the Group and they will be disclosed in the Report in a focused manner.
<b>Quantitative</b>	The Report should disclose key performance indicators (“KPIs”) in a measurable manner.	The Group has calculated and disclosed KPIs with reference to Appendix 2 and 3 of “How to Prepare an ESG Report”. The KPIs are disclosed quantitatively if applicable.
<b>Consistency</b>	The Report should adopt consistent methodologies to allow for meaningful comparisons of ESG data over time.	The Group has used consistent data collection and calculation approaches for the preparation of the Report so that the KPIs can be compared in a meaningful manner over time. If the approaches or the scope of the Report has any changes, they shall be explained for stakeholders’ reference.

## Access to Report

The Report is available in both English and Chinese versions and is uploaded to the Stock Exchange website and the Company website (<https://www.ausupreme.com>). In the event of any discrepancies between the two versions, the English version shall prevail.

## Stakeholders’ Feedback

Opinions from stakeholders are key to the enhancement of our sustainability management and performance. We welcome stakeholders to express their views on our ESG strategies via the following channels:

Email: [info@ausupreme.com](mailto:info@ausupreme.com)

Website: [www.ausupreme.com](http://www.ausupreme.com)

Postal address: Office E, 30/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong

# Environmental, Social and Governance Report

## SUSTAINABILITY GOVERNANCE

The Board is committed to the integration of ESG philosophy into business strategies and operations at all levels of the Group, including the registered office in Hong Kong and other offices in Mainland China, Singapore, and Macau, which are accountable for all of the Group's revenue. The Board takes overall responsibility for the Group's ESG strategies, target setting, and reporting. With the assistance of senior management, the ESG issues are discussed in Board meetings from time to time. The structure of the Group's ESG governance and responsibilities are illustrated as follow:

### The Board

- Executes risk assessments to identify and prioritise potential ESG-related risks; opportunities, and their impacts on the Group's operation;
- Ensures that appropriate and effective ESG risk management is in place;
- Formulates ESG-related strategies;
- Reviews the progress against ESG-related targets; and
- Supervises the preparation of ESG reporting.

### Senior Management

- Discusses with the Board significant ESG issues; and
- Implements plans across major departments including the Human Resources and Operation Departments.

To enhance our ESG performance, the Company has engaged an independent ESG consultant to assist with the preparation of the ESG report and provide sustainability-related advisory services.

For more details about corporate governance, please refer to the section "Corporate Governance Report" of this annual report.




# Environmental, Social and Governance Report

## STAKEHOLDER ENGAGEMENT

The Group emphasises maintaining long-term and close relationships with stakeholders to understand their concerns, safeguard their interests and improve our operational efficiency. We have established various effective communication channels to interact with our major stakeholders:

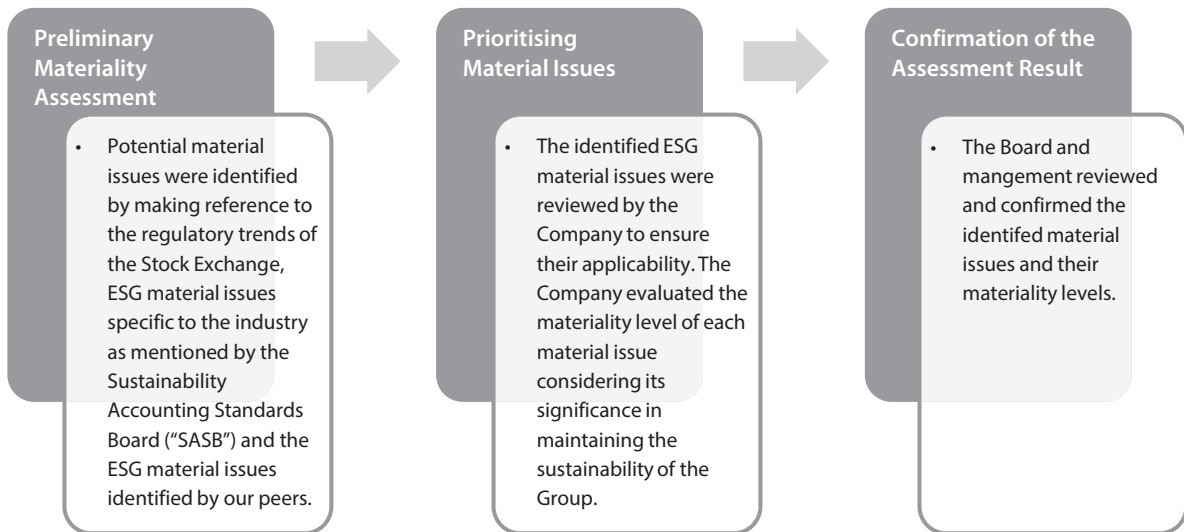
Major Stakeholders	Communication Channels	Expectations
Customers 	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Email and customer service</li> <li>• Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Assurance of quality and quantity of products</li> <li>• Stable relationship</li> <li>• The Group's reputation and brand image</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>• Policies and procedures</li> <li>• Channels for employees to express their opinions</li> <li>• Performance assessments</li> <li>• Team activities</li> <li>• Training and briefing sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding the rights and interests of employees</li> <li>• Salary and welfare</li> <li>• Working environment</li> <li>• Career development opportunities</li> <li>• Health and Safety</li> </ul>
Shareholders and investors 	<ul style="list-style-type: none"> <li>• Annual general meetings and other shareholders' meetings</li> <li>• Interim reports, annual reports, announcements</li> <li>• The Company's website</li> </ul>	<ul style="list-style-type: none"> <li>• Robust operational compliance</li> <li>• Good returns on investment</li> <li>• Disclosure of information in a fair, transparent, and timely manner</li> </ul>
Suppliers/Partners 	<ul style="list-style-type: none"> <li>• Strategic cooperation</li> <li>• Regular meetings and visits</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Honest cooperation</li> <li>• Fairness and openness</li> <li>• Information resources sharing</li> <li>• Timely payment</li> </ul>

# Environmental, Social and Governance Report

Major Stakeholders	Communication Channels	Expectations
Peer/Industry associations 	<ul style="list-style-type: none"> <li>• Industry conferences</li> <li>• Site visits</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Experience sharing</li> <li>• Cooperation</li> <li>• Fair competition</li> </ul>
Government, the public, and communities 	<ul style="list-style-type: none"> <li>• On-site inspections and checks</li> <li>• Discussions through work report preparation and submission for approval</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Ensuring safety, environmental protection, and social responsibility</li> </ul>

## MATERIALITY ASSESSMENT

In order to identify and prioritise the ESG issues which are material to the Group, we conducted an internal materiality assessment with the assistance of an independent consultant.



# Environmental, Social and Governance Report

Through the assessment, we have identified 23 ESG issues material to the Group, as shown in the list below:

<b>Material ESG Issues</b>	<b>Level of Materiality</b>
<b>Environmental Aspect</b>	
Energy efficiency Greenhouse gas emissions	Highest
Exhaust gas emissions Climate change Waste management	Medium
Water consumption Impact of business on the environment Use of packaging materials	Relevant
<b>Social Aspect</b>	
Employee welfare Occupational health and safety Customer satisfaction Anti-corruption Product quality and safety Protection of customers' privacy	Highest
Development and training Diversity and equal opportunities Supply chain management Product labeling Community investment	Medium
Retention of talents Prevention of child and forced labour Complaints handling Protection of intellectual property rights	Relevant

# Environmental, Social and Governance Report

## OPERATING PRACTICES

### Anti-corruption

The Group operates in accordance with business ethics and integrity standards, and has zero tolerance to any forms of bribery, extortion, fraud, or money laundering within our business practices. We strictly comply with all local applicable laws and regulations relating to bribery, extortion, fraud, and money laundering, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

It is the Group's policy that employees are not allowed to receive or offer any advantages such as money, gifts, loans, rewards, contracts, and/or services from or to any business associates. All employees are required to confirm or declare whether there is a conflict of interest when they sign the employment agreement. In the case where a conflict of interest arises afterward, the relevant employee is required to update and notify the management.

We have also formulated a whistleblowing policy to encourage reporting of any suspected corruption cases. Employees can report any misconduct or reasonably suspected corruption cases to senior management directly and the senior management will pass the relevant cases to the top management of the Group. An investigation will be carried out promptly for any suspected incident of fraud and all reported cases will be handled confidentially to protect the privacy and other legal rights of the whistleblower. The responsible employees will be dismissed if the incident is proved to be true.

To ensure our Directors and employees understand the Group's high standard of business integrity, we have provided corruption prevention training materials from the Independent Commission Against Corruption (the "ICAC") to them.

During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations that would have a significant impact on the Group. There were no legal cases regarding corrupt practices brought against the Group or our employees.

### Product Responsibility

The Group prioritises customer satisfaction and ensures the quality and safety of the product. We are committed to maintaining a high standard of product quality and protecting customers' privacy. The Group strictly complies with the applicable local laws and regulations relating to health and safety, advertising, labeling, and privacy matters of products and services, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relevant to product responsibility that would have a significant impact on the Group.

# Environmental, Social and Governance Report

## ***Product Safety and Quality***

The Group places a great emphasis on product quality and safety, ensuring. It ensures that all ingredients used for manufacture of product are qualified. The active ingredients in these health supplement products are primarily extracted from natural sources, with the purpose of improving the general physical health or specific body functions of our consumers. Most of our products are produced and packaged either in GMP certified factories with licences to manufacture therapeutic goods issued by TGA or factories with HACCP certificate granted by SGS for liquid honey products.

We regularly review our internal policies and systems to ensure that the related product safety rules and regulations are observed, and customers' health is protected. To maintain the quality and safety of our products and customer satisfaction, the Group regularly reviews and updates our sourcing protocols, and implements the following measures:

### **The Executive Director and the Sales and Marketing Department**

- Select products based on the sales performance and product-related information provided by the supplier.

### **The Quality Control Team**

- Obtains the ingredient information and product specifications from existing suppliers to ensure that the products meet industry standards and the ingredients meet the requirements under the relevant laws and regulations, before we place purchase orders for the products;
- Takes product samples from suppliers for analysis by third-party independent laboratories in Hong Kong to ensure the products comply with all the relevant rules and regulations in Hong Kong and other relevant jurisdictions; and
- Performs routine checking on each batch of the products purchased and delivered to us.

### **Suppliers**

- Conduct quality control to ensure that the products meet the relevant standards before shipment.



# Environmental, Social and Governance Report

In the case where a product must be recalled after examination, the Group will recall the product in accordance with our standard product recall procedures and notify all parties concerned. We regularly review our product recall procedures to ensure that all recall cases are managed promptly and correctly.

In addition, we ensure that no pirated goods, counterfeit goods, or knockoffs are sold in our retail or online stores.

During the Reporting Period, no products sold or shipped are recalled for safety and health reasons.

## ***Product Labeling***

Product labeling is a crucial method for the Group to convey vital information to clients, and as such, we manage it with great care. We ensure all products of the Group are attached with a clear list of ingredients and usage directions to ensure that customers understand the caution warnings and how to use the products safely. Furthermore, we also make modifications and specifications to the design of the packaging and communicate with the brand proprietors to ensure that they comply with the rules and regulations of the regions where the products are sold.



### **Compliance team of the Group**

- Responsible for reviewing the packaging and design of products.



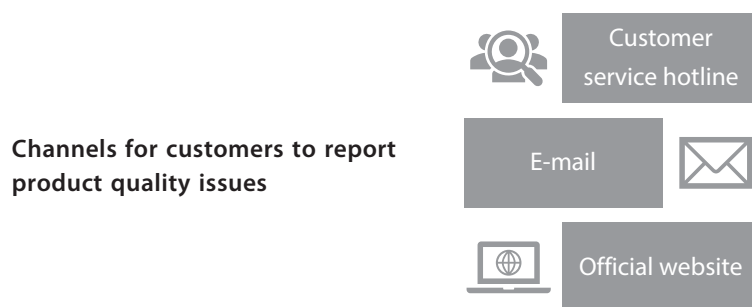
### **Professional nutritionists of the Group**

- Advise on the technical and regulatory requirements for all products and perform technical reviews on leaflets, posters, and advertisements with reference to local legislation.

# Environmental, Social and Governance Report

## **Customer Service**

Recognising that customer feedback is essential for enhancing our services, we prioritise customer suggestions and have implemented a structured process for managing complaints. The Sales and Marketing Department is responsible for handling customer complaints and inquiries in relation to our products and services in a timely manner. In order to improve service performance, the Group has arranged for all supervisors to receive relevant training about service improvement plans.



During the Reporting Period, no material product and service-related complaints were received. Our senior management participated in the investigation and responded to the customer promptly.

## **Intellectual Property Rights**

The Group highly values both our own and others' intellectual property rights, and we make every effort to prevent any infringement. Our Code of Conduct clearly states that all employees have the responsibility to protect the Group's assets and the confidentiality of our intellectual properties, such as copyrights, trademarks, and proprietary information. Supervisors are responsible for ensuring that their subordinates fully understand and comply with the Group's Code of Conduct. The Group also provides a channel for employees to report any potential breaches of the code. All of our employees are required to sign a non-disclosure undertaking at the beginning of their employment.

In addition, the Group also ensures that no pirated goods, counterfeits, and knockoffs are sold in our Hong Kong and overseas retail or online stores.

## **Privacy Protection**

For the purpose of privacy protection, the Group has formulated policies for the collection, processing, use of, and access to the personal data and information of employees and customers. We strictly comply with all relevant regulations including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) when collecting any personal data and information, to ensure that all the information collected is used solely for specific purposes and accessed by authorised employees. All of our employees are also required to sign a non-disclosure undertaking when they are employed for the protection of confidential information, including the personal information of employees and customers.

# Environmental, Social and Governance Report

## Supply Chain Management

Effective supply chain management is essential for maintaining our product quality and customer trust. Therefore, we regard our suppliers as key business partners. During the Reporting Period, we sourced health supplements, honey and pollen, and personal care products as finished products from 4 suppliers, among them 1 is from Japan and 3 are from Australia.

We have well-established policies governing the supplier selection process. It facilitates the evaluation of the environmental and social risks, aiming to enhance the transparency and accountability of our supply chain. Our assessment criteria included, but not limited to:



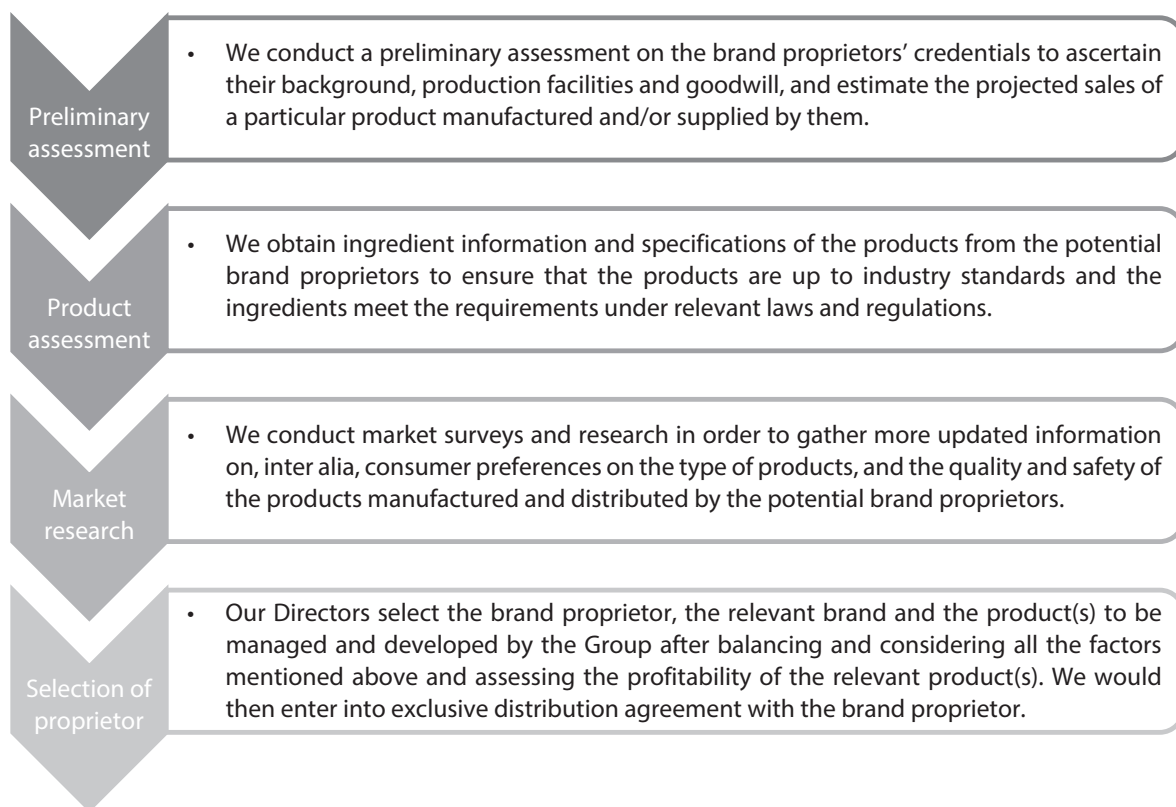
If suppliers are found to have any employment of child labour and forced labour, immediate cessation of business would be conducted.

Furthermore, we understand that both the quality of our products and the stable business relationship with our reputable Australian and Japanese brand proprietors (who are mainly manufacturers) are essential to our long-term success in forming the core value of our "Ausupreme" brand image. The selection criteria for potential brand proprietors are based on factors such as:

- The extent of brand recognition;
- The quality and market potential of the products; and
- Whether the potential brand proprietors' products fit into the Group's brand image as presented to the targeted retailers and customers.

## Environmental, Social and Governance Report

We have adopted a stringent approach in the selection and sourcing of potential brand proprietors, brands, and products as follows:



We have assessed all suppliers according to the above procedures before engagement.

To consistently improve the quality of suppliers, the Group will review the supplier management process, and evaluate and manage the potential environmental and social impacts of the supply chain on a regular basis, therefore to demonstrate our commitment to creating a sustainable supply chain system with our business partners. We also encourage our suppliers to use environmentally friendly materials in the production process, such as using recyclable packaging materials.

Moving forward, the Group will continue to review the existing supplier management process to further improve the quality of suppliers, evaluate and manage potential environmental and social impacts of the supply chain, and commit to creating a sustainable supply chain system with our business partners.

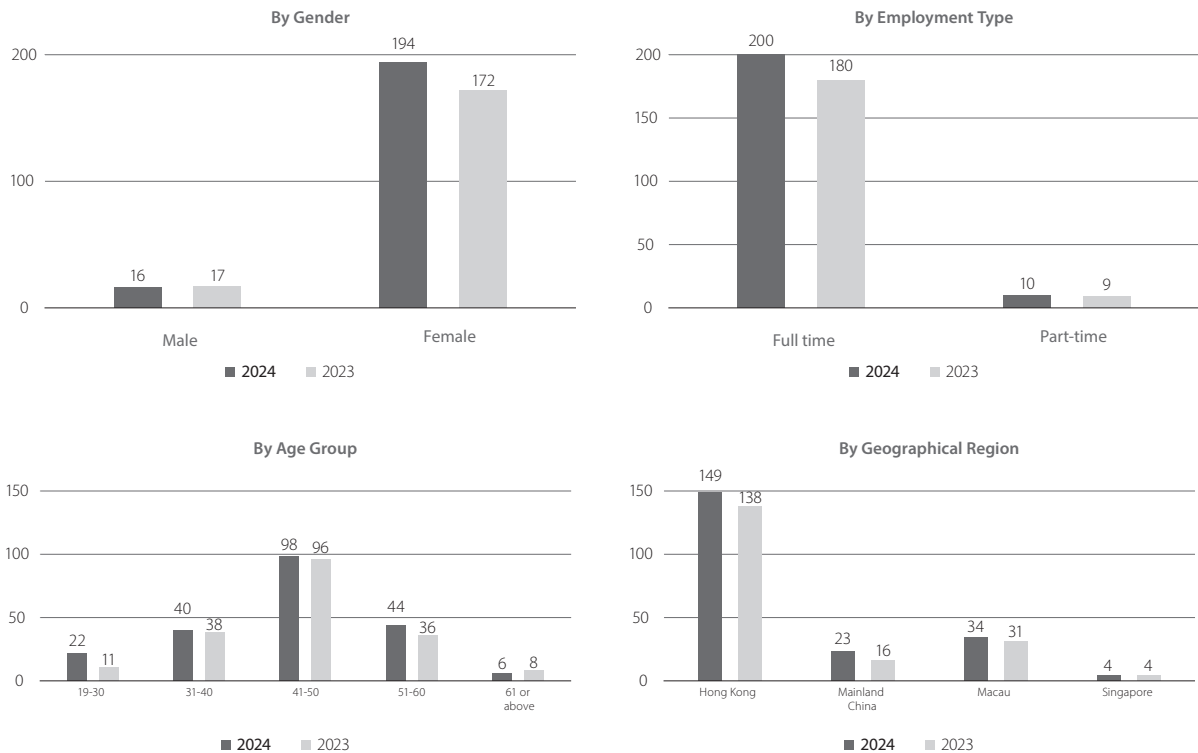
# Environmental, Social and Governance Report

## EMPLOYMENT AND LABOUR PRACTICES

### Employment

Employees are the valuable intangible assets of the Company and contribute to the Group's long-term success. Therefore, as a motivation and retention of our outstanding employees, we are committed to developing a fair and harmonious working environment and offering a competitive remuneration and welfare package. We strictly comply with all applicable laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including but not limited to Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations in relation to employment, that would have a significant impact on the Group.

As at 31 March 2024, the Group had 210 employees (2023: 189), the employee data is as follows:





## Environmental, Social and Governance Report

The remuneration of employees is based on industry practice, the Group's operational results, and the performance of employees. In addition to salary and commissions payment, we also offer various benefits to employees, including:



The Group promises to provide equal opportunities for recruitment and promotion to all candidates and employees, regardless of their gender, marital status, family status, disability, or any other characters protected by law. Our consideration is based solely on their qualifications, experience, skills, potential, and performance.

In handling voluntary resignation or dismissal, we strictly abided by the relevant labor laws and regulations, and adhere to the requirement for employment termination as stipulated by the law. The turnover rate for the Reporting Period is as follows:

Employee Categories	Unit	2024	2023
<b>By gender</b>			
Male	percentage	18.8	5.9
Female	percentage	22.2	19.2
<b>By age group</b>			
19-30	percentage	27.3	45.5
31-40	percentage	32.5	23.7
41-50	percentage	17.3	17.7
51-60	percentage	15.9	5.6
61 or above	percentage	50.0	12.5
<b>By geographical region</b>			
Hong Kong	percentage	28.9	21.7
Mainland China	percentage	13.0	12.5
Macau	percentage	0	3.2
Singapore	percentage	0	25.0

# Environmental, Social and Governance Report

## Health and Safety

The Group places the health and safety of the employees as the highest priority and is committed to eliminate the occurrence of occupational injuries. We strictly adhere to all applicable laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the Prevention and Control of Disease Ordinance (Cap. 599 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong).

To promote health and hygiene in the workplace, we have implemented different health and safety measures, including:



Besides physical health, the Group also emphasises the mental health of employees. We organise various staff activities throughout the year, including lunch gatherings, marathon and birthday parties, etc., for employees to relieve stress and enhance cohesions among them.

## Environmental, Social and Governance Report

In the past three years including the Reporting Period, the Group did not have any work-related fatalities. During the Reporting Period, the Group did not have any cases of work injury and therefore did not have any lost days of work. All work-related injuries are protected by employees' compensation regulations of the relevant jurisdictions. The Group handled all the work injury cases promptly in accordance with the relevant laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relevant to health and safety, which would have a significant impact on the Group.

### Development and Training

The Group identifies the development of business relying on the growth of employees. Therefore, the Group provides various training and development opportunities to all levels employees as to maintain excellent and quality services. Training opportunities included but were not limited to on-the-job training, and other training courses, covering areas like personal growth, professional knowledge of corporate operation, occupational skills, and management skills.

The training data of the Group during the Reporting Period is as follows:

Training data	Unit	2024	2023
<b>Percentage of employees trained by gender</b>			
Male	percentage	93.8	47.1
Female	percentage	83.5	65.7
<b>Percentage of employees trained by employee category</b>			
Senior management	percentage	71.4	90.0
General office staff	percentage	95.2	21.1
Salesperson	percentage	82.0	73.8
<b>Average training hours completed per employee by gender</b>			
Male	hour	5.1	15.1
Female	hour	4.7	2.7
<b>Average training hours completed per employee by employee category</b>			
Senior management	hour	5.9	27.9
General office staff	hour	4.3	0.6
Salesperson	hour	4.7	3.0

# Environmental, Social and Governance Report

## Labour Standards

Concerning the ethical issues and basic human rights, the exploitation of child and forced labour is prohibited in the operation. The Group strictly abided by all applicable laws and regulations relating to preventing child and forced labour, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to labour standards, which would have a significant impact on the Group.

The Group maintains a thorough recruitment procedure, including background checks on candidates to ensure compliance with statutory standards. In the unlikely event of identifying child or forced labor, we promptly address the situation in accordance with applicable laws. Additionally, we review our recruitment process to identify and rectify any loopholes, thereby enhancing our recruitment practices to prevent such incidents in the future.

## ENVIRONMENT

Even though the principal business activities of the Group do not generate significant pollution or emissions, we deeply understand the importance of pursuing a clean environment and our responsibility as corporate citizens. Therefore, we strive to minimise the emissions in our operation and implement various environmental protection measures, including energy-saving policies and guidelines.

### Emissions

The Group strictly complies with relevant regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, including but not limited to the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any material non-compliance with environmental laws and regulations, which would have a significant impact on the Group.

### *Exhaust Gas Emissions*

To demonstrate our commitment to progressively reducing exhaust gas emissions, we continuously improve fuel efficiency, optimise transportation networks, and track emission reductions. Additionally, we have implemented a series of green measures, such as turning off idling engines and conducting regular maintenance.

During the Reporting Period, the Group's main exhaust gas emissions were from the use of vehicles for goods delivery. The exhaust gas emissions data is as follows:

Exhaust gas	Unit	2024	2023
Nitrogen oxide (NO <sub>x</sub> )	kg	52.27	44.63
Sulphur oxide (SO <sub>x</sub> )	kg	0.10	0.10
Particulate matter (PM)	kg	4.85	4.14

# Environmental, Social and Governance Report

## Greenhouse Gas Emissions

During the Reporting Period, the Group's direct greenhouse gas emissions (Scope 1) were mainly from the use of vehicles to deliver goods to business operation areas, while the energy indirect emissions (Scope 2) were mainly from the use of purchased electricity. The main sources of other indirect emissions (Scope 3) were the disposal of waste paper at landfills, water consumption, and sewage discharge. Our greenhouse gas emission data is as follows:

Greenhouse gas	Unit	2024	2023
Scope 1 — Direct emission	tonne of CO <sub>2</sub> e	18.9	17.2
Scope 2 — Energy indirect emission	tonne of CO <sub>2</sub> e	119.4	119.9
Scope 3 — Other indirect emission	tonne of CO <sub>2</sub> e	0.6	0.3
<b>Total emission</b>	tonne of CO <sub>2</sub> e	<b>138.9</b>	137.4
Intensity	tonne of CO <sub>2</sub> e/ number of employees	<b>0.66</b>	0.73

To align with the national target of reaching carbon peak by 2030 and carbon neutrality by 2060 and Hong Kong's target of achieving carbon neutrality by 2050, the Group has also implemented a series of measures to increase energy efficiency and reduce greenhouse gas emissions:

### Energy efficiency

- Include energy efficiency requirements when procuring energy-related products;
- Conduct energy audit to monitor energy consumption;
- Use LED lighting system and energy efficient appliances in the office, stores and warehouse; and
- Ensure that air-conditioning systems operate efficiently through scheduling cleaning of the air conditioner filters and air conditioners at least once every two months and once a year, respectively.

### Energy-saving

- Turn off unused electrical appliances during non-working hours;
- Apply light zoning control to enable switching on/off lighting independently in different parts of the warehouse and office;
- Ensure that indoor temperature controllers are correctly set to maintain temperature at 24 to 26°C in the office; and
- Install sunscreen curtains on windows to reduce direct sunlight and the demand for air-conditioning.

### Employee encouragement

- Establish energy saving policies or guidelines and inform employees to use resources effectively in accordance with such policies or guidelines; and
- Affix reminders/signs to lighting switches in office to remind employees of switching off lighting and air-conditioning systems after use.

# Environmental, Social and Governance Report

## **Waste Management**

Concerning the business nature of the Group, we did not involve in manufacturing and thus no hazardous waste is generated. During the Reporting Period, the non-hazardous waste produced by the Group was mainly wastepaper and other general office waste generated from daily office operation. The wastepaper is supplied to waste dealers or paper mills for recycling regularly. The waste generation data is as follows:

<b>Waste</b>	<b>Unit</b>	<b>2024</b>	2023
Non-hazardous waste	tonne	2.4	2.5
Intensity	kg/number of employees	11.4	13.1

The Group closely monitors the generation of non-hazardous waste, such as office paper and other general office waste and their impact on the environment. We have implemented a series of office operation measures, which are regularly supervised by the senior management to reduce the generation of waste, such as:

- Organise the recycling of wastepaper in the office and warehouse;
- Promote the concept of “paperless” and encourage the use of electronic copies;
- Recommend double-sided printing and remind employees to photocopy wisely;
- Reuse paper which has been used on one side only for scrap paper;
- Record the use of office resources by each employee to avoid personal waste;
- Reuse furniture, decoration, and display material of stores and exhibitions; and
- Remind employees to be self-disciplined and enforce good practices in the maintenance of all equipment in the workplace to maximise the duration of equipment.

## **Use of resources**

### **Energy Consumption**

The Group recognises the importance of conserving electricity, and we are committed to reducing our energy consumption gradually, thereby indirectly decreasing greenhouse gas emissions. Details of the measures have been described in the section “Greenhouse Gas Emissions”.



## Environmental, Social and Governance Report

During the Reporting Period, the Group mainly consumed purchased electricity and petrol for general lighting, laptops, monitors, printers, Point-of-Sale systems and other equipment in the office, specialty stores and warehouse, and vehicles respectively. Our energy consumption data is as follows:

Energy	Unit	2024	2023
Direct energy — petrol	kWh	64,817	58,953
Indirect energy — purchased electricity	kWh	282,459	282,274
Total	kWh	347,276	341,227
Intensity	kWh/number of employees	1,653.70	1,805.43

### Water Consumption

Concerning the nature of the business and its operational locations, the Group has limited water consumption. Yet, the Group is committed to minimising water usage in the operation of its stores. Since the water consumption in Mainland China and Macau is supplied by rental companies, this portion has been excluded due to the unavailability of data. To ensure a secure water supply, we closely monitor local water stress and conservation issues regularly.

To improve our water efficiency, we have developed water preservation guidelines and we require all employees to follow in their daily work and senior management to supervise the implementation. The guidelines include:

- determining water requirements for each workplace and checking usage frequently; and
- carrying out regular leakage tests on concealed piping and checking for overflowing tanks, waste, worn tap washers, and other defects in the water supply system.

During the Reporting period, the Group did not encounter any significant issues in sourcing water that is fit for purpose and the water consumption data of the Group are as follows:

Water consumption	Unit	2024	2023
Total consumption	m <sup>3</sup>	272 <sup>1</sup>	78
Intensity	m <sup>3</sup> /number of employees	1.30	0.41

Note:

1. The main reason for the increase in water consumption during the Reporting Period is the happening of water leakage at Hong Kong warehouse. The incident was solved properly.

# Environmental, Social and Governance Report

## Environment and Natural Resources

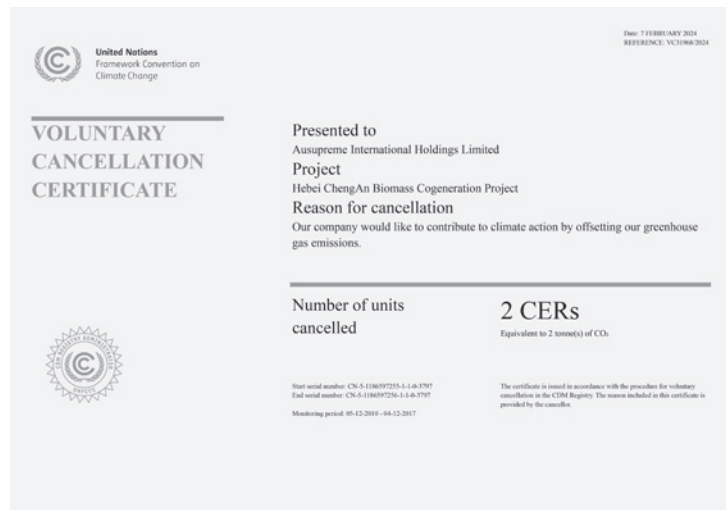
Regarding our business operations, the Group is not aware of any significant impact of our activities on the environment and natural resources. However, as a responsible enterprise, we acknowledge environmental protection as a corporate responsibility. Therefore, we are committed to minimising waste generation, exhaust gas emissions, and greenhouse gases, while also enhancing energy, water, and resource efficiency.

Sustainable business is one of the fundamental principles in our business ethics. The Group aims to drive its business growth in a sustainable manner and address future plans for improvement in our environmental performance.

## Climate Change

In recent years, climate change has emerged as a global issue, leading to a higher frequency of adverse climate events such as storms and heavy rains, which pose threats and opportunities to companies. Upon review of the Group's principal business activities, we identified our major climate risks are the occasional shortage of products due to extreme weather, and the temporary suspension of group operation under extreme weather. To mitigate these risks, we have diversified our product sourcing from multiple suppliers and established emergency protocols to ensure the safety of employees during extreme weather events.

During the Reporting Period, we utilised carbon offsets to reduce our greenhouse gas emissions. We have chosen the Hebei ChengAn Biomass Cogeneration Project (Project ID: 3797) from the United Nations Clean Development Mechanism (“CDM”) as the carbon offset project. This project generates electricity by utilising local straw from cotton. The electricity generated from this project is sold to the Hebei Provincial Power Grid, replacing the capacity of coal-fired power plants. The project contributed to greenhouse gas emission reduction, comprehensive utilisation of resources, environmental protection, and providing job opportunities and increasing income of local residents. Certified Emission Reductions (“CERs”) from this project were also used for carbon neutrality at the 19th Asian Games Hangzhou 2022 and the 4th Asian Para Games Hangzhou 2022.



In the future, the Group will closely monitor and review the potential risks and opportunities brought by climate change to mitigate risks and seize opportunities promptly.

# Environmental, Social and Governance Report

## COMMUNITY ENGAGEMENT

The Group focuses on giving back to the community. As a people-oriented corporate, we actively participate in community services and supports various kinds of charitable organisations, making use of our extensive resources and networks. We also encourage our employees to participate in these activities from time to time.

During the Reporting Period, we have made a total of more than HK\$460,000 donations to the following charitable organisations:

- Love Foundation Limited;
- Tian Dao Worldwide Organisation;
- Evangelical Church of China — Kong Fok Church; and
- Sunrise Ministry Limited.

In addition to cash donations, we also participated in the “Earth Hour 2024” organised by the World Wide Fund for Nature, turning off non-essential lights and electrical appliances for one hour to encourage employees to change personal living habits and support a sustainable lifestyle.



In the future, the Group will continue to look for different opportunities to serve the community and actively participate in various charitable events.

# Environmental, Social and Governance Report

## THE ESG GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Relevant Section
<b>Mandatory Disclosure Requirements</b>	
<b>Governance Structure</b>	A statement from the Board containing the following elements: <ul style="list-style-type: none"><li>(i) a disclosure of the board’s oversight of ESG issues;</li><li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and</li><li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li></ul> Sustainability Governance
<b>Reporting Principles</b>	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG Report. About the Report — Reporting Principles
<b>Reporting Boundary</b>	A narrative explaining the Reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report. About the Report — Reporting Scope and Boundary

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Relevant Section	
<b>'Comply or Explain' Provisions</b>		
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity.	Emissions — Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions — Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions — Exhaust Gas Emissions, Greenhouse Gas Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions — Waste Management

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in'000s) and intensity.	Use of Resources — Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources — Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	Use of Resources — Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable as the packaging materials are supplied by suppliers.
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change



# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section
<b>B. Social</b>		
<i>Employment and Labour Practices</i>		
<b>Aspect 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.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
<b>Aspect 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
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</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.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section
<i>Operating Practices</i>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Relevant Section	
<b>Aspect 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.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Customer Service
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Product Safety and Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Privacy Protection

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section
<b>Aspect 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.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
<i>Community</i>		
<b>Aspect 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 Engagement
KPI B8.1	Focus areas of contribution.	Community Engagement
KPI B8.2	Resources contributed to the focus area.	Community Engagement

# Independent Auditor's Report



## TO THE SHAREHOLDERS OF AUSUPREME INTERNATIONAL HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Ausupreme International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 96 to 186, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory.

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

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Group's consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent Auditor's Report

## Key audit matter

### ***Impairment assessment of property, plant and equipment and right-of-use assets***

As disclosed in Note 16 and 17 to the consolidated financial statements, as at 31 March 2024, the carrying amounts of property, plant and equipment and right-of-use assets of the Group were approximately HK\$59,263,000 and HK\$17,778,000 respectively. No impairment loss in respect of property, plant and equipment and right-of-use assets was recognised during the year ended 31 March 2024.

The Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

As disclosed in Note 19 to the consolidated financial statements, determining whether property, plant and equipment, and right-of-use assets are impaired requires an estimation of the value in use of the cash-generating units of each loss making retail store. The value in use calculation requires the Group to estimate the future cash inflows/outflows expected to arise from the cash-generating units by considering the budgeted sales and gross margins which are based on past performance and management's expectations for future changes in the market and taking into account a suitable discount rate to calculate the present value.

We consider impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in assessing the recoverable amount of properties, plant and equipment and right-of-use assets.

## How our audit addressed the key audit matter

Our audit procedures in relation to evaluating the impairment assessment of property, plant and equipment and right-of-use assets included:

- Understanding the management's basis of identifying impairment indicators and challenged the judgements made in the identification of impairment indicators;
- Evaluating the experience, competence, objectivity and independence of the independent professional valuer engaged by the management to perform the valuation of the recoverable of each properties and right-of-use assets;
- Assessing the appropriateness and reasonableness of the methodologies used and the key assumptions and parameters based on our knowledge of the property industry;
- Assessing whether the model used by the management in calculating the fair value less cost of disposal and the value-in-use of the individual cash-generating unit were in compliance with HKAS 36 *Impairment of Assets*;
- Understanding the projected cash flows used in value-in-use calculation, evaluating the reasonableness of the basis and assumptions related to the forecasted sales performance and the projected gross profit margin, and comparing those inputs against the approved business plan as well as historical performance and our understanding of the latest market information and conditions;
- Understanding the property industry by evaluating the reasonableness of the basis assumptions related to the comparable sales transactions as available in relevant market, when determining the fair value of the properties;
- Challenging the management about the feasibility of their cost saving measures and assessed the reasonableness of the estimation of percentage change of running cost; and
- Evaluating the sensitivity analysis performed by the management by making adjustments to key inputs and assumptions in the impairment assessments and considering whether any reasonably possible adjustments would result in material impairment.

# Independent Auditor's Report

## Key audit matter

### *Valuation of inventories*

As disclosed in Note 23 to the consolidated financial statements, as at 31 March 2024, the Group's inventories amounted to approximately HK\$21,787,000 was included in the Group's consolidated statement of financial position.

A reversal of write-down of inventories amounted to approximately HK\$92,000 was recognised in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024.

The management of the Group estimates the net realisable values of inventories primarily based on the market condition and the latest selling prices of inventories. The identification of obsolete and slow-moving inventories is based on the expiry dates and subsequent usages/sales. The historical record, quality and nature of the inventories are taken into consideration for the measurement of the write-down values of those obsolete and slow-moving inventories.

We consider the valuation of inventories as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in determining the net realisable value of the inventories.

## How our audit addressed the key audit matter

Our audit procedures in relation to the management's valuation of inventories included:

- Understanding key controls and evaluating the basis of how slow-moving or obsolete inventories are identified by the management and their assessment of the net realisable value of inventories;
- Identifying and assessing aged and obsolete inventories when attending physical inventory counts;
- Testing the accuracy of the inventory ageing on a sample basis and assessing whether allowance is properly provided for aged inventories or inventories close to expiry dates;
- Testing the net realisable values of the inventories by reference to current and subsequent selling price on a sample basis and assessing whether allowance is properly provided for if required; and
- Performing retrospective review of the accuracy of management judgements and assumptions relating to the provision for inventories made in the prior year.

# Independent Auditor's Report

## Key audit matter

### ***Impairment assessment of trade receivables and deposits and other receivables***

As disclosed in Notes 6(b) and 24 to the consolidated financial statements, as at 31 March 2024, the Group's trade receivables and deposits and other receivables amounted to approximately HK\$21,163,000 and HK\$7,929,000, respectively, which were subject to expected credit loss assessment, were included in the Group's consolidated statement of financial position.

No impairment losses on trade receivables and deposits and other receivables was recognised in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024.

The allowance for credit losses of trade receivables and deposits and other receivables represents the management's best estimates at the end of the reporting period of expected credit losses under Hong Kong Financial Reporting Standard 9: Financial Instruments' Expected Credit Loss (the "ECL") Model.

As disclosed in Note 6(b) to the consolidated financial statements, the ECL in relation to trade and receivables and deposits and other receivables are assessed individually for the debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

The management assessed the ECL based on historical observed default rates and adjusted by forward-looking information that is reasonable and supportable available without undue costs or effort.

We consider impairment assessment on trade and receivables and deposits and other receivables as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in determining the ECL allowance on the trade receivables and deposits and other receivables.

## How our audit addressed the key audit matter

Our audit procedures in relation to the management's assessment on allowance for credit losses of trade receivables and deposits and other receivables included:

- Understanding key controls on how the management estimates the credit loss allowance for trade receivables and deposits and other receivables;
- Evaluating the experience, competence, independence and objectivity of the independent external valuer engaged by the management, and the scope of the valuer's work;
- Assessing the reasonableness and appropriateness of the Group's methodology of ECL model, including the model design and calculation and model inputs in compliance with HKFRS 9;
- Testing the integrity of information used by the management to develop the provision matrix, including aging analysis of trade receivables as at 31 March 2024, on a sample basis, by comparing individual items in the analysis with the relevant sale invoices and other supporting documents;
- Reviewing the reasonableness of the management's estimation of deposits and other receivables in expected timing of collection and the credit quality of individual debtors, including the background of the debtors and their credit worthiness and collection history;
- Reviewing the repayment history and settlements received subsequent to the reporting period from the debtors; and
- Evaluating the disclosures regarding the impairment assessment of trade receivables and deposits and other receivables in Note 6(b) to the consolidated financial statements.

# Independent Auditor's Report

## **OTHER INFORMATION**

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

# Independent Auditor's Report

## 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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

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

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

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

From the matters communicated with those charged with governance, 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 auditors' 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.

### **Asian Alliance (HK) CPA Limited**

*Certified Public Accountants (Practising)*

### **Lam Chik Tong**

Practising Certificate Number: P08346

8/F, Catic Plaza  
8 Causeway Road  
Causeway Bay  
Hong Kong

26 June 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	Year ended 31 March	
		2024 HK\$'000	2023 HK\$'000
Revenue	7	<b>269,022</b>	146,158
Cost of sales		<b>(34,729)</b>	(24,924)
Gross profit		<b>234,293</b>	121,234
Other income	8(a)	<b>1,194</b>	4,238
Other gains and losses, net	8(b)	<b>(1,928)</b>	(486)
Selling and distribution expenses		<b>(159,450)</b>	(90,837)
General and administrative expenses		<b>(35,490)</b>	(32,421)
Finance costs	9	<b>(1,100)</b>	(568)
Profit before taxation		<b>37,519</b>	1,160
Income tax expense	10	<b>(6,845)</b>	(663)
Profit for the year	11	<b>30,674</b>	497
Other comprehensive income (expenses):			
Item that will not be reclassified to profit or loss:			
— Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income		<b>150</b>	(1,714)
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		<b>(1,054)</b>	(1,668)
Other comprehensive expenses for the year, net of tax		<b>(904)</b>	(3,382)
Total comprehensive income (expenses) for the year		<b>29,770</b>	(2,885)
		<b>HK cents</b>	HK cents
Earnings per share	14		
— Basic		<b>4.03</b>	0.07
— Diluted		<b>N/A</b>	N/A



# Consolidated Statement of Financial Position

At 31 March 2024

	Notes	As at 31 March	
		2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	59,263	61,618
Right-of-use assets	17	17,778	15,317
Investment properties	18	9,898	1,899
Equity investment at fair value through other comprehensive income	20	1,890	1,740
Deposits paid for acquisition of properties	21	—	8,934
Deferred tax assets	22	836	3,897
		<b>89,665</b>	93,405
<b>CURRENT ASSETS</b>			
Inventories	23	21,787	17,807
Trade and other receivables	24	31,997	29,847
Time deposits	25	5,518	7,309
Cash and cash equivalents	25	69,844	41,044
		<b>129,146</b>	96,007
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	13,712	12,202
Bank borrowing	27	2,486	2,898
Dividend payable		12	10
Lease liabilities	28	10,274	9,068
Provisions	29	376	578
Income tax payable		4,767	1,382
		<b>31,627</b>	26,138
<b>NET CURRENT ASSETS</b>		<b>97,519</b>	69,869
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>187,184</b>	163,274

## Consolidated Statement of Financial Position

At 31 March 2024

	Notes	As at 31 March	
		2024	2023
		HK\$'000	HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	28	<b>8,033</b>	6,671
Provisions	29	<b>941</b>	543
		<b>8,974</b>	7,214
<b>NET ASSETS</b>			
		<b>178,210</b>	156,060
<b>CAPITAL AND RESERVES</b>			
Share capital	30	<b>7,620</b>	7,620
Reserves		<b>170,590</b>	148,440
<b>TOTAL EQUITY</b>			
		<b>178,210</b>	156,060

The consolidated financial statements on pages 96 to 186 were approved and authorised for issue by the Board of Directors on 26 June 2024 and are signed on its behalf by:

**CHOY CHI FAI**  
*Director*

**HO KA MAN**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Equity investment at fair value through other comprehensive income reserve HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000 (Note)	Retained earnings HK\$'000	
At 1 April 2022	7,620	91,288	(3,740)	761	1,546	69,090	166,565
Profit for the year	—	—	—	—	—	497	497
Other comprehensive expenses	—	—	(1,714)	(1,668)	—	—	(3,382)
Total comprehensive (expenses) income for the year	—	—	(1,714)	(1,668)	—	497	(2,885)
Dividends recognised as distribution (Note 15)	—	—	—	—	—	(7,620)	(7,620)
At 31 March 2023	7,620	91,288	(5,454)	(907)	1,546	61,967	156,060
Profit for the year	—	—	—	—	—	<b>30,674</b>	<b>30,674</b>
Other comprehensive income (expenses)	—	—	<b>150</b>	<b>(1,054)</b>	—	—	<b>(904)</b>
Total comprehensive income (expenses) for the year	—	—	<b>150</b>	<b>(1,054)</b>	—	<b>30,674</b>	<b>29,770</b>
Dividends recognised as distribution (Note 15)	—	—	—	—	—	<b>(7,620)</b>	<b>(7,620)</b>
<b>At 31 March 2024</b>	<b>7,620</b>	<b>91,288</b>	<b>(5,304)</b>	<b>(1,961)</b>	<b>1,546</b>	<b>85,021</b>	<b>178,210</b>

Note:

The capital reserve was arisen from waiver of debts owing by the Group to one of the controlling shareholders.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	37,519	1,160
Adjustments for:		
Depreciation of property, plant and equipment	2,803	2,035
Depreciation of right-of-use assets	12,435	12,699
Interest income	(930)	(635)
Reversal of write-down of obsolete inventories	(92)	(1,233)
Loss on disposal of property, plant and equipment	6	—
Loss on write-off of property, plant and equipment	59	—
Gain on lease modification	—	(19)
Finance costs	1,100	568
Loss (gain) on change in fair value of investment properties	517	(63)
<b>Cash flows before movement in working capital</b>	<b>53,417</b>	<b>14,512</b>
Increase in inventories	(3,888)	(1,476)
Increase in trade and other receivables	(2,150)	(11,106)
Increase (decrease) in trade and other payables	1,510	(1,342)
Decrease in provision	—	(91)
<b>Cash generated from operations</b>	<b>48,889</b>	<b>497</b>
Income tax (paid) refunded	(399)	1,278
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>48,490</b>	<b>1,775</b>
<b>INVESTING ACTIVITIES</b>		
Payments for acquisition of property, plant and equipment	(894)	(862)
Payments for acquisition of subsidiary	—	(26,536)
Proceeds from disposal of property, plant and equipment	6	—
Withdrawal of time deposits	1,791	31,835
Interest received	930	635
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>1,833</b>	<b>5,072</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of lease liabilities	(13,143)	(13,940)
Repayment of bank borrowing	(501)	(120)
Dividend paid to the equity holders	(7,618)	(7,619)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(21,262)</b>	<b>(21,679)</b>

## Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,061	(14,832)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(261)	(280)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	41,044	56,156
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	69,844	41,044

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

Ausupreme International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 17 April 2015. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Office E, 30/F., EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 September 2016. The Company’s immediate and ultimate holding company is Beatitudes International Ltd. which was incorporated in the British Virgin Islands (“**BVI**”) and controlled by Mr. Choy Chi Fai (“**Mr. Choy**”) and Ms. Ho Ka Man (“**Mrs. Choy**”).

The Company is an investment holding company. During the Year, the principal activities of its subsidiaries are retail and wholesale of health and personal care products.

The consolidated financial statements of the Company and its subsidiaries (collectively related to as the “**Group**”) for the Year are presented in Hong Kong dollars (“**HK\$**”) which is same as the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”), except when otherwise indicated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

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

#### ***Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates***

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year has had no impact on the consolidated financial statements.

#### ***Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

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

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

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

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out Note 3 to in the consolidated financial statements.

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

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

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

#### *Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) — Long Service Payment (“LSP”) offsetting mechanism in Hong Kong (Continued)*

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The Group assessed that the cumulative catch-up adjustment in profit and loss for the service costs, interest expense and remeasurement effect from changes in actuarial assumptions and the corresponding adjustment to the LSP obligation for the year ended 31 March 2023 are immaterial. This change in accounting policy (i) did not have any impact on the opening balance of equity at 1 April 2023 and the cash flows for the year ended 31 March 2023, and (ii) did not have material impact on the profit for the year ended 31 March 2023 and the consolidated financial position as at 31 March 2023.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

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

#### *Impacts of application of changes in other accounting policies on the consolidated financial statements*

The effects of the changes in accounting policies as a result of application of the abolition of the MPF-LSP offsetting mechanism in Hong Kong on the consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

**For the year ended 31 March 2024**

	<b>The abolition of the MPF-LSP offsetting mechanism HK\$'000</b>
<b>Impact on profit for the year</b>	
Increase in general and administrative expenses	56
Increase in finance costs	24
<b>Net decrease in profit for the year</b>	<b>80</b>
<b>Decrease in total comprehensive income for the year attributable to:</b>	
— Owners of the Company	80

The effects of the changes in accounting policies as a result of application of the abolition of the MPF-LSP offsetting mechanism in Hong Kong on the consolidated statement of financial position, are as follows:

	<b>2024 HK\$'000</b>
<b>Current liabilities</b>	
Increase in trade and other payable	80
<b>Decrease in net current assets and net assets</b>	<b>80</b>
	<b>HK cents</b>
<b>Impact on basic earnings per share</b>	
Decrease in basic earnings per share	0.01

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

### Amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

Except for the amendments to HKFRSs mentioned in below, the directors of the Company (the “**Directors**”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### ***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non current Liabilities with Covenants (the “2022 Amendments”)***

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

### Amendments to HKFRSs in issue but not yet effective (Continued)

#### ***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non current Liabilities with Covenants (the “2022 Amendments”) (Continued)***

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

#### ***Amendments to HKAS 21 Lack of Exchangeability***

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

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

### 3.2 Material accounting policies information

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Revenue from contracts with customers*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Revenue from contracts with customers (Continued)*

##### *Variable consideration*

For contracts that contain variable consideration in relation to sale discount, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

##### *Refund liabilities*

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

##### *Sales with a right of return/exchange*

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);
- (b) a refund liability/contract liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Property, plant and equipment*

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Leases*

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates 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.

The Group applies 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.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- 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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### COVID-19 related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### COVID-19 related rent concessions (Continued)

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

#### *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 arising on the settlement of monetary items, and on the retranslation of 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 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 expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rate of the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method and which comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

#### *Borrowing costs*

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### *Taxation*

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Taxation (Continued)*

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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Taxation (Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when they relate 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.

#### *Impairment on property, plant and equipment and right-of-use assets*

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash generating unit or group of cash-generating units.

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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Impairment on property, plant and equipment and right-of-use assets (Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit or a group of cash-generating units) 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 cash generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### *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).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Provisions (Continued)*

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the Directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

#### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

#### *Employee benefits*

##### *Retirement benefit costs*

Payments to defined contribution retirement plans are recognised as an expense in profit or loss when employees have rendered service entitling them to the contributions.

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Employee benefits (Continued)*

##### *Retirement benefit costs (Continued)*

The entity within the Group in Mainland China participates in the Mainland China local retirement schemes organised by relevant government authorities for its employees in the Mainland China and contributes to these schemes based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement contribution obligations payable to all existing and future retired employees under these schemes. Contributions to these schemes vest immediately.

The entity within the Group in Macau also participates in a central social security scheme operated by the Macao Special Administrative Region Government (the “**Government of Macau**”). The subsidiary operating in Macau is required to make contributions for its employees who are registered as residents to the central social security scheme. Contributions to this scheme vest immediately.

For employees in the Republic of Singapore (“**Singapore**”), defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid.

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Under the terms of the above-mentioned defined contribution schemes, there are no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) which may be used by the employer to reduce the existing level of contributions.

For defined benefit retirement benefit plans including the LSP under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group’s defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Employee benefits (Continued)*

##### *Retirement benefit costs (Continued)*

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Employee benefits (Continued)*

##### *Retirement benefit costs (Continued)*

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

##### *Termination benefits*

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

##### *Short term and other long-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Employee benefits (Continued)*

##### *Short term and other long-term employee benefits (Continued)*

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. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

#### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation of convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers where are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Dividend income*

Dividend income which is derived from the Group's ordinary course of business is presented as revenue.

Dividends are recognised in profit or loss only when:

- (a) the entity's right to receive payment of the dividend is established;
- (b) it is probable that the economic benefits associated with the dividend will flow to the entity; and
- (c) the amount of the dividend can be measured reliably.

##### *Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity investment designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the equity investment at FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

##### Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and other receivables, time deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (a) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets (Continued)

(a) Significant increase in credit risk (Continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(b) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

(c) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Impairment of financial assets (Continued)

(c) Credit-impaired financial assets (Continued)

- (iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (v) the disappearance of an active market for that financial asset because of financial difficulties.

(d) Write-off policy

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

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Impairment of financial assets (Continued)

##### (e) Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and deposits and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

##### Derecognition of financial assets

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### Derecognition of financial assets (Continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity investment which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the equity investment at FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### *Financial liabilities and equity*

##### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

##### Financial liabilities at amortised cost

Financial liabilities including trade and other payables, dividend payable and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

### 3.2 Material accounting policies information (Continued)

#### *Financial instruments (Continued)*

##### *Financial liabilities and equity (Continued)*

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders in case of final dividend and by the Directors in case of interim dividend.

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

In the application of the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, 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 underlying 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.

### **Critical judgements in applying accounting policies**

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

### Key sources of estimation uncertainty

The followings 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.

#### (a) *Fair value measurement of equity investment at FVTOCI*

The Group's investment in unquoted equity investment of approximately HK\$1,890,000 as at 31 March 2024 (2023: HK\$1,740,000) is measured at fair value with fair value being determined using valuation techniques based on market approach which including significant unobservable inputs.

Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of this instrument. Details of fair value measurement and equity investment at FVTOCI are disclosed in Notes 6(c) and 20 respectively.

#### (b) *Provision of ECL for trade receivables and deposits and other receivables*

The Group uses practical expedient in estimating ECL on trade receivable using a provision matrix. The provision rates are based on aging analysis as groupings of various debtors that have similar loss patterns taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The Group calculates the ECL for the deposits and other receivables by grouping the counterparties with similar nature under general approach. The provision rates are based on internal credit ratings and taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and deposits and other receivables are disclosed in Notes 6(b) and 24 respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### (c) *Net realisable value of inventories*

As described in Note 3 to the consolidated financial statement, net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling the products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior periods and affect the Group's net assets value. Management reassesses these estimates at the end of each reporting period to ensure inventories are shown at the lower of cost and net realisable value.

As at 31 March 2024, the carrying amount of inventories is approximately HK\$21,787,000 (2023: HK\$17,807,000), and reversal of write-down of inventories of approximately HK\$92,000 (2023: HK\$1,233,000) are included in cost of sales in profit or loss. Details of the net realisable value of inventories are disclosed in Note 23.

#### (d) *Estimated impairment of property, plant and equipment and right-of-use assets*

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

As at 31 March 2024, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were approximately HK\$57,339,000 and HK\$809,000 (2023: HK\$59,915,000 and HK\$3,427,000) respectively. Details of the Group's property, plant and equipment and right-of-use assets, the impairment testing on property, plant and equipment and right-of-use assets are disclosed in Notes 16, 17 and 19 respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### (e) *Deferred tax asset*

As at 31 March 2024, a deferred tax asset of approximately HK\$263,000 (2023: HK\$3,298,000) in relation to unused tax losses has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately HK\$10,778,000 (2023: HK\$4,288,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

#### (f) *Fair values of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 18.

In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The Directors have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 March 2024, the carrying amount of the Group's investment properties is HK\$9,898,000 (2023: HK\$1,899,000).



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 27 and lease liabilities disclosed in Note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The Directors review the capital structure regularly with reference to its debt position and reviews the ratio of its total liabilities over its total assets. The Group's strategy is to maintain the equity and debt position and ensure there is adequate working capital to service its debt obligation. At 31 March 2024 and 2023, the ratio of the Group's total liabilities over its total assets was 18.6% and 17.6%, respectively.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Equity instruments at FVTOCI	1,890	1,740
At amortised cost	104,454	75,436
<b>Financial liabilities</b>		
At amortised cost	33,818	30,443

### (b) Financial risk management objectives and policies

The Group's major financial instruments include equity investment at FVTOCI, trade receivables, deposits and other receivables, time deposits, cash and cash equivalents, trade and other payables, bank borrowing, dividend payable and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Market risk

##### Currency risk

#### (i) Currency risk

For presentation purposes, the Group's financial information is shown in HK\$. The companies within the Group, whose functional currencies are different from HK\$, have translated their financial information into HK\$ for combination purpose.

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Japanese yen ("JPY"), Australian dollars ("AUD"), Renminbi ("RMB") and United State dollars ("USD").

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK\$, translated using the spot rate at the reporting dates.

	Exposure to foreign currencies (expressed in HK\$)							
	As at 31 March 2024				As at 31 March 2023			
	JPY HK\$'000	AUD HK\$'000	RMB HK\$'000	USD HK\$'000	JPY HK\$'000	AUD HK\$'000	RMB HK\$'000	USD HK\$'000
Trade and other receivables	—	—	2,237	707	—	—	2,169	752
Time deposits	—	5,518	—	—	—	—	—	—
Cash and cash equivalent	61	—	10,769	3,377	70	5,381	10,937	1,886
Trade and other payables	—	(1,822)	(240)	—	(90)	(2,455)	(130)	—
Gross exposure arising from recognised assets and liabilities	61	3,696	12,766	4,084	(20)	2,926	12,976	2,638

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Market risk (Continued)*

#### *Currency risk (Continued)*

#### (ii) Sensitivity analysis

As HK\$ is pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies. The Directors considered that the Group's exposures to USD are limited. Accordingly, no sensitivity to fluctuation in USD are presented. The Group therefore is exposed to fluctuations in AUD, RMB and JPY.

The following table indicates the instantaneous change in the Group's profit after taxation that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant:

	As at 31 March 2024		As at 31 March 2023	
	Increase (decrease) in foreign exchange rates	Effect on profit after taxation HK\$'000	Increase (decrease) in foreign exchange rates	Effect on profit after taxation HK\$'000
AUD	5%	154	5%	122
	(5%)	(154)	(5%)	(122)
RMB	5%	533	5%	542
	(5%)	(533)	(5%)	(542)
JPY	5%	3	5%	(1)
	(5%)	(3)	(5%)	1

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation measured in the respective functional currency, translated to HK\$ at the exchange rate ruling at the end of the reporting periods for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currency of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Market risk (Continued)*

##### *Interest rate risk*

#### (i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits and fixed-rate short-term bank deposits (see Note 25); and lease liabilities (see Note 28), exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 25) and variable-rate bank borrowing (see Note 27).

The Group cash flow interest rate risk is mainly related to the fluctuation of interest rates arising from the Group's bank balances and Prime Rate arising from Group borrowing. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements have on interest rate level and outlook.

Total interest income from financial assets that are measured at amortised cost is as follows:

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Financial assets at amortised cost	930	635

Interest expense on financial liabilities not measured at FVTPL:

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Financial liabilities at amortised cost	1,100	568

#### (ii) Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 100 basis point increase or decrease in bank borrowing is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable rate bank balances is insignificant.

If interest rates had been 100 basis points higher (lower) and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2024 would have been (decreased) increased by approximately HK\$21,000 (2023: HK\$24,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Market risk (Continued)*

##### *Other price risk*

- (i) Price risk on equity investment at FVTOCI

The Group is exposed to equity price risk through its investment in equity securities measured at FVTOCI. The Group invested in unquoted equity securities for investees operating in manufacturing and wholesale of pharmaceutical products' industry sector for long term strategic purposes which had been designated as FVTOCI. The Group does not actively trade this investment. The management will monitor the price movements and take appropriate actions when it is required.

- (ii) Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analysis for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 6(c).

#### *Credit risk and impairment assessment*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, time deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

##### *Trade receivables arising from contracts with customers*

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At 31 March 2024, trade receivables from the largest and the five largest wholesaler/consignees amounting to approximately HK\$11,721,000 and HK\$17,410,000 (2023: HK\$9,386,000 and HK\$13,750,000) respectively, representing approximately 55.4% and 82.3% (2023: 56.0% and 82.0%) respectively, of the total gross trade receivables.

At 31 March 2024, the Group's concentration of credit risk by geographical location is in Hong Kong as 85.6% (2023: 99.8%) of total gross trade receivables are arisen in Hong Kong.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Credit risk and impairment assessment (Continued)*

##### *Trade receivables arising from contracts with customers (Continued)*

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables arising from ordinary course of business. To measure the expected credit losses, these trade receivables are grouped based on shared credit risk characteristics by reference to past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group considered that no loss allowance is recognised for the years ended 31 March 2024 and 2023.

##### *Deposits and other receivables*

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition. For the years ended 31 March 2024 and 2023, the Group assessed the ECL for deposits and other receivables are insignificant and thus no loss allowance is recognised.

##### *Time deposits and bank balances*

Credit risk on time deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for time deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Credit risk and impairment assessment (Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Credit risk and impairment assessment (Continued)*

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount			
					As at 31 March 2024		As at 31 March 2023	
					HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	24	N/A	Low risk	Lifetime ECL (not credit-impaired)	10,244		10,034	
			Watch list	Lifetime ECL (not credit-impaired)	10,919	21,163	6,738	16,772
Deposits and other receivables	24	N/A	Low risk	12m ECL		7,929		10,311
Bank balances	25	Aa3-A3	N/A	12m ECL		69,662		40,772
Time deposits	25	Aa3-A3	N/A	12m ECL		5,518		7,309

#### *Liquidity risk*

In the management of liquidity risk, the Group's individual operating entities are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Liquidity risk (Continued)*

The following table details the Group's remaining contractual maturity for its 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 maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

#### At 31 March 2024

	Weighted average interest rate %	On demand or within one year HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
Trade and other payables	N/A	13,013	—	—	13,013	13,013
Dividend payable	N/A	12	—	—	12	12
Bank borrowing	3.33	2,486	—	—	2,486	2,486
Lease liabilities	1.82-7.14	11,056	6,755	1,556	19,367	18,307
		26,567	6,755	1,556	34,878	33,818

#### At 31 March 2023

	Weighted average interest rate %	On demand or within one year HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying amount HK\$'000
Trade and other payables	N/A	11,796	—	—	11,796	11,796
Dividend payable	N/A	10	—	—	10	10
Bank borrowing	3.08	2,898	—	—	2,898	2,898
Lease liabilities	1.60-7.14	9,598	5,096	1,824	16,518	15,739
		24,302	5,096	1,824	31,222	30,443

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Liquidity risk (Continued)*

Bank borrowing with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 March 2024, the aggregate carrying amounts of the bank borrowing amounted to HK\$2,486,000 (2023: HK\$2,898,000). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank borrowing will be repaid within six years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

*Maturity Analysis — Bank borrowing with a repayment on demand clause based on scheduled repayments*

	Within one year HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	More than five years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying Amount HK\$'000
31 March 2024	502	502	1,506	210	2,720	2,486
31 March 2023	498	498	1,495	705	3,196	2,898

### (c) Fair values measurements of financial instruments

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. The Directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair values measurements of financial instruments (Continued)

#### (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 March 2024	31 March 2023			
Private equity investment at FVTOCI — 0.7% equity investment in the ordinary share capital of an investee	Approximately HK\$1,890,000	Approximately HK\$1,740,000	Level 3	Market approach using Guideline Publicly Traded Company Method	A number of market multiples have been considered, including but not limited to: price-to-earning of approximately 15.9 (2023: 30.9) and enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("EBITDA") multiples of approximately 8.5 (2023: 11.0).

#### (ii) Reconciliation of Level 3 fair value measurements of financial assets on recurring basis

	Equity instruments at FVTOCI HK\$'000
At 1 April 2022	3,454
Total loss in other comprehensive income	(1,714)
At 31 March 2023	1,740
Total gain in other comprehensive income	150
<b>At 31 March 2024</b>	<b>1,890</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCIAL INSTRUMENTS (Continued)

### (c) Fair values measurements of financial instruments (Continued)

#### *(ii) Reconciliation of Level 3 fair value measurements of financial assets on recurring basis (Continued)*

As at 31 March 2024 and 31 March 2023, an increase in the price-to-earnings and enterprise value-to-EBITDA as the input of the valuation would result in an increase in the fair value measurement of the equity investment at FVTOCI and vice versa.

If the price-to-earnings multiples of the respective equity instruments had been 10.0% higher/lower, the carrying amount of the equity investment at FVTOCI for the year ended 31 March 2024 would increase/decrease by approximately HK\$107,000 (2023: HK\$102,000).

If the enterprise value-to-EBITDA multiples of the respective equity instruments had been 10.0% higher/lower, the carrying amount of the equity investment at FVTOCI for the year ended 31 March 2024 would increase/decrease by approximately HK\$98,000 (2023: HK\$80,000).

During the years ended 31 March 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 7. REVENUE AND SEGMENT REPORTING

### (a) Revenue

#### (i) Disaggregation of revenue from contracts with customers

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
<b>Types of goods</b>		
Health supplement products	256,941	141,400
Honey and pollen products	989	1,683
Personal care products	11,092	3,075
<b>Total</b>	<b>269,022</b>	<b>146,158</b>
<b>Timing of revenue recognition</b>		
A point in time	269,022	146,158
<b>Sales channel</b>		
Specialty stores	43,546	39,890
Consignment counters	190,305	79,829
E-commerce	20,583	17,921
Other sales channels	14,588	8,518
<b>Total</b>	<b>269,022</b>	<b>146,158</b>

#### (ii) Performance obligations for contracts with customers

Revenue from retail and wholesale of health and personal care products is recognised at a point in time upon the delivery of the health and personal care products to the customers or, in case of consignment sales through consignees, upon collection of the products by end-customers, which is the point of time when customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. The payment terms are generally within 0 to 60 days.

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 7. REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting

Information reported to the board of directors of the Company (the “**Board**”), being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segment under HKFRS 8 *Operating Segments* is retail and wholesale of health and personal care products.

Since this is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from retail and wholesale of health and personal care products for the years ended 31 March 2024 and 2023.

### (i) Geographical information

The Group’s major operations are located in Hong Kong, Mainland China, Macau and Singapore.

Information about the Group’s revenue from external customers is presented based on the location where the goods are delivered. Information about the Group’s non-current assets, excluding deferred tax assets and financial instruments, is presented based on the geographical location of the assets.

	Revenue from external customers	
	Year ended 31 March	
	2024	2023
	HK\$’000	HK\$’000
Hong Kong	194,790	99,658
Mainland China	17,915	16,312
Macau	54,909	28,703
Singapore	1,408	1,485
	<b>269,022</b>	146,158

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 7. REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Geographical information (Continued)

	Non-current assets As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	70,179	69,494
Mainland China	16,396	18,019
Macau	364	159
Singapore	—	96
	<b>86,939</b>	<b>87,768</b>

##### (ii) Information about major customers and wholesaler/consignees

No revenue from a single customer contributed more than 10% of the Group's revenue for the year. In addition, revenue earned through the Group's wholesaler/consignees of the corresponding years contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Consignee A	121,144	49,978

### 8. OTHER INCOME, OTHER GAINS AND LOSSES, NET

#### (a) Other income

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Bank interest income on bank deposits	930	635
Dividend income	123	—
Government grants (Note (i))	28	2,781
Rent concession income (Note (ii))	—	536
Insurance claim for employee compensation (Note (iii))	—	237
Others	113	49
	<b>1,194</b>	<b>4,238</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 8. OTHER INCOME, OTHER GAINS AND LOSSES, NET (Continued)

### (a) Other income (Continued)

Notes:

- (i) The grants of approximately HK\$28,000 (2023: HK\$9,000) were granted from certain subsidy schemes launched by the Government of Singapore.

During the year ended 31 March 2023, the Group recognised government grants includes cash subsidies granted by the Government of the HKSAR under the Anti-epidemic Fund of approximately HK\$2,772,000.

The Group has complied with all of the conditions for these government grants.

- (ii) The rent concession income is mainly related to the outbreak of the COVID-19. Certain landlords have offered different extents of rent concession.
- (iii) The insurance claim for employee compensation is related to the Group recovered the employee compensation from the insurance policy by the insurance company.

### (b) Other gains and losses, net

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Loss on disposal of property, plant and equipment	(6)	—
Loss on written-off of property, plant and equipment	(59)	—
Net foreign exchange loss	(1,346)	(568)
(Loss) gain from changes in fair value of investment properties, net	(517)	63
Others	—	19
	<b>(1,928)</b>	<b>(486)</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 9. FINANCE COSTS

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank borrowing	89	18
Interest on lease liabilities	1,011	550
	<b>1,100</b>	568

### 10. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	2,268	97
PRC Enterprise Income Tax ("EIT")	26	—
Macau Complementary Tax	1,490	659
	<b>3,784</b>	756
Deferred tax:		
Current year	3,061	(93)
Total	<b>6,845</b>	663

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 10. INCOME TAX EXPENSE (CREDIT) (Continued)

Notes:

- (a) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.
- (b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% for both years. Certain subsidiaries of the Company in Mainland China satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. The portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be calculated at a reduced rate of 25% as taxable income amount and be subject to EIT at 20% tax rate. The portion over RMB1 million but not exceeding RMB3 million shall be calculated at a reduced rate of 50% as taxable income amount and be subject to EIT at 20% tax rate.
- (c) Singapore Corporate Income Tax is calculated at 17% of its chargeable income for both years. No provision for taxation in Singapore has been made for the years ended 31 March 2024 and 2023.
- (d) According to the Macau Complementary Tax Law, Macau Complementary Tax is calculated at progressive rates up to 12% (2023: progressive rates up to 12%) on the estimated taxable profits arising in Macau during the year with an exemption allowance amounted to Macau Pataca ("MOP") 600,000 (equivalent to approximately HK\$583,000) (2023: MOP600,000 (equivalent to approximately HK\$583,000)) as tax relief measures which are managed by the Financial Services Bureau.

The income tax expense for the years can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Profit before taxation	37,519	1,160
Tax at domestic income tax rate	5,240	(156)
Tax effect of non-deductible expenses for tax purpose	471	910
Tax effect of non-taxable income for tax purpose	(44)	(584)
Tax effect of tax losses not recognised	1,413	563
Tax effect of two-tiered profit tax rates regime	(165)	—
Tax effect of tax exemption under Macau Complementary Income Tax	(70)	(70)
Income tax expense	6,845	663

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 11. PROFIT FOR THE YEAR

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and allowances	66,095	47,105
Contributions to retirement benefits scheme	2,858	1,992
<b>Total staff costs</b>	<b>68,953</b>	49,097
Staff costs included in selling and distribution expenses	(45,475)	(27,778)
Staff costs included in general and administrative expenses	23,478	21,319
Depreciation of:		
— Property, plant and equipment	2,803	2,035
— Right-of-use assets	12,435	12,699
<b>Total depreciation</b>	<b>15,238</b>	14,734
Depreciation included in selling and distribution expenses	(11,352)	(11,431)
Depreciation included in general and administrative expenses	3,886	3,303
Auditor's remuneration		
— Audit services	760	730
— Non-audit services	50	55
Cost of inventories recognised as expense	34,729	24,924
Reversal of write-down of obsolete inventories including in cost of inventories	(92)	(1,233)
Consignment expenses (Note)	81,610	30,589
Advertising and promotion expense included in selling and distribution expenses	10,455	11,773
Donations	465	132

Note:

Fees paid to consignees for sales of health and personal care products made through the consignment counters are included in "selling and distribution expenses".

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Contribution to retirement benefits schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2024</b>				
<b>Executive directors:</b>				
Mr. Choy	—	2,213	30	2,243
Mrs. Choy	—	1,952	29	1,981
Mr. Ho Chun Kit, Saxony	—	1,255	18	1,273
Mr. Au Chun Kit	—	1,331	18	1,349
<b>Independent non-executive directors:</b>				
Prof. Luk Ting Kwong	180	—	—	180
Mr. Ko Ming Kin (passed away on 5 October 2023)	92	—	—	92
Ms. Pang Sin Mei Ada (appointed on 4 January 2024)	44	—	—	44
Dr. Wan Cho Yee	180	—	—	180
	<b>496</b>	<b>6,751</b>	<b>95</b>	<b>7,342</b>
<b>Year ended 31 March 2023</b>				
<b>Executive directors:</b>				
Mr. Choy	—	2,239	32	2,271
Mrs. Choy	—	1,964	29	1,993
Mr. Ho Chun Kit, Saxony	—	1,014	18	1,032
Mr. Au Chun Kit	—	897	18	915
<b>Independent non-executive directors:</b>				
Prof. Luk Ting Kwong	180	—	—	180
Mr. Ko Ming Kin	180	—	—	180
Dr. Wan Cho Yee	180	—	—	180
	<b>540</b>	<b>6,114</b>	<b>97</b>	<b>6,751</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- (i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil).
- (ii) During the years ended 31 March 2024 and 31 March 2023, there was no arrangement under which a director or chief executive waived or agreed to waive any remuneration.
- (iii) 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 independent non-executive directors' emoluments shown above were for their services of directors of the Company.
- (iv) Mr. Choy is the chairman of the Board. Mr. Choy and Mrs. Choy are regarded as the Co-Chief Executive Officer of the Company.

## 13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four (2023: four) directors details of whose remuneration are set out in Note 12. Details of the remuneration for the year of the remaining one (2023: one) highest paid employee who is neither a director nor chief executive of the Company is as follows:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Salaries and allowances	1,057	1,106
Contributions to retirement benefits schemes	18	14
	<b>1,075</b>	<b>1,120</b>

The emoluments of the above individual with the highest emoluments are within the following bands:

	Year ended 31 March	
	2024 Number of individuals	2023 Number of individuals
HK\$1,000,001-HK\$1,500,000	1	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>30,674</b>	497

	As at 31 March	
	2024 '000	2023 '000
<b>Number of shares</b> Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>762,000</b>	762,000

No diluted earnings per share for both years ended 31 March 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2024 and 2023.

### 15. DIVIDEND

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Final dividend — HK1 cent per share	—	7,620
2023 Final dividend — HK1 cent per share	<b>7,620</b>	—

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of HK2 cents (2023: final dividend in respect of the year ended 31 March 2023 of HK1 cent) per ordinary share, in an aggregate amount of HK\$15,240,000 (2023: HK\$7,620,000), has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 April 2022	29,426	7,398	3,059	1,294	41,177
Additions	6,216	563	299	—	7,078
Acquired on acquisition of a subsidiary (Note 31)	29,712	—	—	—	29,712
Write-off	—	—	(9)	—	(9)
Exchange adjustments	301	(5)	4	—	300
<b>At 31 March 2023</b>	<b>65,655</b>	<b>7,956</b>	<b>3,353</b>	<b>1,294</b>	<b>78,258</b>
Additions	—	649	245	—	894
Disposal	—	—	(30)	—	(30)
Write-off	—	(1,277)	(179)	—	(1,456)
Exchange adjustments	(341)	(29)	(14)	—	(384)
<b>At 31 March 2024</b>	<b>65,314</b>	<b>7,299</b>	<b>3,375</b>	<b>1,294</b>	<b>77,282</b>
<b>Accumulated depreciation</b>					
At 1 April 2022	4,812	6,223	2,282	1,294	14,611
Charge for the year	1,285	434	316	—	2,035
Written back on write-off	—	—	(9)	—	(9)
Exchange adjustments	2	—	1	—	3
<b>At 31 March 2023</b>	<b>6,099</b>	<b>6,657</b>	<b>2,590</b>	<b>1,294</b>	<b>16,640</b>
Charge for the year	2,117	441	245	—	2,803
Written back on disposal	—	—	(18)	—	(18)
Written back on write-off	—	(1,232)	(165)	—	(1,397)
Exchange adjustments	(6)	(1)	(2)	—	(9)
<b>At 31 March 2024</b>	<b>8,210</b>	<b>5,865</b>	<b>2,650</b>	<b>1,294</b>	<b>18,019</b>
<b>Carrying amount:</b>					
<b>At 31 March 2024</b>	<b>57,104</b>	<b>1,434</b>	<b>725</b>	<b>—</b>	<b>59,263</b>
At 31 March 2023	59,556	1,299	763	—	61,618



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years
Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture and fixtures	5 years
Motor vehicles	3 years

Details of impairment assessment on property, plant and equipment are set out in Note 19.

As at 31 March 2024, certain of the Group's leasehold land and buildings with carrying amount of approximately HK\$28,542,000 (2023: HK\$29,496,000) were pledged to secure the bank loans granted to the Group (Note 27).

### 17. RIGHT-OF-USE ASSETS

	Office premises HK\$'000	Speciality stores HK\$'000	Total HK\$'000
At 1 April 2022	3,807	10,931	14,738
Additions	—	14,657	14,657
Depreciation	(1,676)	(11,023)	(12,699)
Derecognition	(1,379)	—	(1,379)
Exchange adjustments	—*	—	—*
At 31 March 2023	<b>752</b>	<b>14,565</b>	<b>15,317</b>
Additions	<b>2,531</b>	<b>12,367</b>	<b>14,898</b>
Depreciation	<b>(1,454)</b>	<b>(10,981)</b>	<b>(12,435)</b>
Exchange adjustments	<b>(2)</b>	<b>—</b>	<b>(2)</b>
<b>At 31 March 2024</b>	<b>1,827</b>	<b>15,951</b>	<b>17,778</b>

\*Less than HK\$1,000

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 17. RIGHT-OF-USE ASSETS (Continued)

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Expense relating to short-term leases	223	78
Variable lease payments not included in the measurement of lease liabilities	261	109
Total cash outflow for leases	13,627	14,127

For both years, the Group leases various speciality stores and office premises for its operations. Lease contracts are entered into for fixed term of 1 to 3 years (2023: 1 to 3 years) but may have termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contracts is enforceable.

In addition to the portfolio of short-term leases for a car park which is regularly entered into by the Group, the Group entered into short-term leases for an office premises located in Mainland China and for two specialty shops located in Hong Kong and Singapore during the year ended 31 March 2024 (2023: office premises located in Mainland China). As at 31 March 2024 and 31 March 2023, there is no outstanding lease commitments relating to the short-term leases.

In addition, lease liabilities of approximately HK\$18,307,000 (2023: HK\$15,739,000) are recognised with related right-of-use assets of approximately HK\$17,778,000 (2023: HK\$15,317,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 17. RIGHT-OF-USE ASSETS (Continued)

#### Variable lease payments

Leases of specialty stores are either with only fixed lease payments or contain variable lease payment that are based on 10.0% to 18.0% (2023: 10.0% to 30.0%) sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors during the year:

	Number of stores	Fixed payments HK\$'000	Variable payments HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2024</b>				
Specialty stores without variable lease payments	2	325	—	325
Specialty stores with variable lease payments	16	11,525	261	11,786
	<b>18</b>	<b>11,850</b>	<b>261</b>	<b>12,111</b>
<b>For the year ended 31 March 2023</b>				
Specialty stores without variable lease payments	2	317	—	317
Specialty stores with variable lease payments	16	12,040	109	12,149
	<b>18</b>	<b>12,357</b>	<b>109</b>	<b>12,466</b>

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 17. RIGHT-OF-USE ASSETS (Continued)

### Termination options

The Group has termination option in a lease for an office premise (2023: office premise). The Group assesses at lease commencement date whether it is reasonably certain not to exercise the termination options. The Directors are reasonably certain the Group will not exercise such termination option.

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event (2023: Nil).

### Rent concessions

No rent concessions was provided during the year ended 31 March 2024.

During the year ended 31 March 2023, lessors of the relevant specialty stores provided rent concessions that occurred as a direct consequence of the COVID-19 pandemic to the Group through rent reductions ranging from 20.0% to 50% over 1 to 2 months.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately HK\$536,000 were recognised as other income during the year ended 31 March 2023.

## 18. INVESTMENT PROPERTIES

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
<b>Fair Value</b>		
At 1 April	1,899	—
Additions (Note 21)	8,685	1,907
Net (decrease) increase in fair value recognised in the profit and loss	(517)	63
Exchange adjustments	(169)	(71)
<b>At 31 March</b>	<b>9,898</b>	<b>1,899</b>
Unrealised (loss) gain on property revaluation included in profit or loss	(517)	63

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 18. INVESTMENT PROPERTIES (Continued)

The Group is exposed to foreign currency risk but not significant as a result of the lease arrangements, as all leases are denominated in RMB. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair value of the Group's investment properties at 31 March 2024 has been arrived at on the basis of a valuation carried out at the end of the reporting date by Masterpiece Valuation Advisory Limited ("**Masterpiece**") (2023: LCH (Asia-Pacific) Surveyors Limited ("**LCH**")), an independent professional qualified valuer not connected to the Group.

The Directors determine the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value of the properties, the highest and best use of properties is their current use.

Type of properties	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Residential properties in Mainland China	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which is approximately average RMB13,334 to RMB34,633 per square meter (2023: RMB14,340 per square meter).	The significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
Commercial properties in Mainland China	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which is approximately average RMB34,315.	The significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

The fair value measurement is categorised into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 19. IMPAIRMENT TESTING ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The Directors regard each specialty store as an individual cash-generating unit. At 31 March 2024, certain specialty stores continued to underperform, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and certain right-of-use assets with carrying amounts of approximately HK\$57,339,000 and HK\$809,000 (2023: HK\$59,915,000 and HK\$3,427,000) respectively.

The Group estimates the recoverable amounts of the leasehold land and buildings included in the property, plant and equipment based on higher of fair value less costs of disposal and value in use, with reference to the valuation performed by Masterpiece and LCH (2023: LCH), independent qualified professional valuers not connected to the Group. The recoverable amount of the leasehold land and buildings was determined based on the direct comparison approach by assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. The fair value measurement is categorised into Level 3 fair value hierarchy. The carrying amount of leasehold land and buildings does not exceed the recoverable amount based on fair value less costs of disposal and no impairment (2023: Nil) has been recognised.

In addition, the Group estimates the recoverable amount of the cash-generating units of certain specialty stores to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

In determining the recoverable amount of the cash generating units of those specialty stores as at 31 March 2024 and 31 March 2023, the Group engages Masterpiece, an independent qualified professional valuer not connected to the Group, to perform the valuation. The Directors work closely with Masterpiece, to establish the appropriate valuation techniques and inputs to the model. The recoverable amount has been determined with reference to value in use calculation based on discounted cash flow approach. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the remaining lease terms of the individual specialty stores. The discount rate applied to cash flow projection is 13.0% (2023: 14.0%). Another key assumption in the calculation is the budgeted revenue and the budgeted gross margin, which is determined based on the past performance of the individual specialty stores and management's expectations for the market development.

At 31 March 2024 and 31 March 2023, based on the result of the assessment of the recoverable amount, the impairment loss is considered to be insignificant and therefore no impairment loss was recognised against the property, plant and equipment and right-of-use assets. Management believes that any reasonably possible change in any of these assumptions would not result in material impairment which is required to be recognised.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 20. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Unlisted equity investments in Australia, at fair value	1,890	1,740

The above unlisted equity investments represent the Group's equity interest in Homart Group Pty Limited, which is an unlisted entity in Australia. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would be inconsistent with the Group's strategy of holding this investment for long-term purpose and realising its performance potential in the long run.

### 21. DEPOSITS PAID FOR ACQUISITION OF PROPERTIES

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Deposits paid for acquisition of properties	—	8,934

Note:

During the year ended 31 March 2021, the Group entered into agreements with property developers for acquiring certain properties located in Mainland China at aggregate consideration approximately HK\$17,853,000. The properties being acquired are for commercial, official and residential use.

During the year 31 March 2024, the development of the properties of approximately HK\$8,685,000 (2023:HK\$8,123,000) were completed and hence the properties has been transferred to the Group. The completed properties of approximately HK\$8,685,000 (2023:HK\$1,907,000) (Note 18) are recognised as the investment properties as those are residential properties for rental purpose.

During the year 31 March 2023, the completed properties of approximately HK\$6,216,000 (Note 16) are recognised as the property, plant and equipment as those are commercial properties for business purpose.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 22. DEFERRED TAX ASSETS (LIABILITIES)

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Tax losses HK\$'000	Unrealised profit on inventories HK\$'000	Amortisation and depreciation HK\$'000	Retirement benefit obligation HK\$'000	Impairment losses of right-of-use assets HK\$'000	Total HK\$'000
At 1 April 2022	2,744	39	547	208	266	3,804
Credited (charged) to profit or loss (Note 10)	554	68	(306)	43	(266)	93
At 31 March 2023	<b>3,298</b>	<b>107</b>	<b>241</b>	<b>251</b>	—	<b>3,897</b>
(Charged) credited to profit or loss (Note 10)	<b>(3,035)</b>	<b>41</b>	<b>(159)</b>	<b>92</b>	—	<b>(3,061)</b>
<b>At 31 March 2024</b>	<b>263</b>	<b>148</b>	<b>82</b>	<b>343</b>	—	<b>836</b>

At the end of the reporting period, the Group has tax losses of approximately HK\$12,373,000 (2023: HK\$24,276,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$1,595,000 (2023: HK\$19,988,000) of such losses. No deferred tax asset has been recognised in respect of the tax losses of approximately HK\$10,778,000 (2023: HK\$4,288,000) due to the unpredictability of future profit streams.

Included in unutilised tax losses as at 31 March 2024 were loss of approximately HK\$6,595,000 (2023: HK\$2,572,000) that would expire in five years and the remaining balance of approximately HK\$5,778,000 (2023: HK\$21,704,000) would not expire under the current tax legislation.

### 23. INVENTORIES

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Health and personal care products	<b>21,787</b>	17,807

The reversal of write-down of inventories made in prior years arose when certain circumstances that previously caused inventories to be written down below cost no longer existed.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 24. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Trade receivables (Note (a))	21,163	16,772
Other receivables	750	1,334
Deposits and prepayments (Note (b))	10,084	11,741
	<b>31,997</b>	29,847

Note:

- (a) As at 1 April 2022, trade receivables from contracts with customers amounted to approximately HK\$7,312,000.

The Group usually allows a credit period of 0 to 60 days (2023: 0 to 60 days) to its trade customers and consignees. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Within 30 days	10,561	9,233
31-60 days	8,184	7,422
61-90 days	1,510	73
Over 90 days	908	44
	<b>21,163</b>	16,772

As at 31 March 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$10,919,000 (2023: HK\$6,738,000) which are past due as at the reporting date. As at 31 March 2024, out of the past due balances, approximately HK\$148,000 and HK\$17,000 (2023: Nil and HK\$44,000) has been past due 60 days or more and is not considered as in default as the counterparties are mainly well-known chain stores in Hong Kong and well-known e-commerce platforms in PRC respectively and have good repayment history.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 24. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) As at 31 March 2024, included in deposits and prepayments, an amount of approximately HK\$6,003,000 (2023: HK\$6,763,000) represents rental deposits and management fee deposit in respect of the leases of specialty shops and office premises.

As at 31 March 2024, included in deposits and prepayments, an amount of approximately HK\$1,057,000 (2023: HK\$1,211,000) represents the deposits of PRC e-commerce platforms.

As at 31 March 2024, included in deposits and prepayments, an amount of approximately HK\$1,102,000 (2023: Nil) represents the prepayment for the inventories.

As at 31 March 2023, included in deposits and prepayments, an amount of approximately HK\$917,000, represents the prepaid spokesperson fee.

Details of impairment assessment of trade and other receivables for the years ended 31 March 2024 and 2023 are set out in Note 6(b).

## 25. CASH AND CASH EQUIVALENTS/TIME DEPOSITS

Bank balances carry interest at variable market rates.

Short-term bank deposits included in the bank balance and cash and time deposits at 31 March 2024 and 31 March 2023 represented bank deposits placed in banks in Hong Kong. The interest rate ranged from 1.77% to 4.65% (2023: 0.52% to 3.50%) per annum.

Included in the cash and cash equivalents are the following amounts which are subject to foreign exchange control regulations and not freely transferable:

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
Amounts denominated in RMB	2,530	2,218

Details of impairment assessment of cash and cash equivalents and time deposits for the years ended 31 March 2024 and 2023 are set out in Note 6(b).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 26. TRADE AND OTHER PAYABLES

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Trade payables (Note (a))	1,822	2,553
Accrued staff costs	9,020	6,662
Other payables and accruals (Note (b))	2,870	2,987
	<b>13,712</b>	12,202

Notes:

(a) The aged analysis of trade payables, presented based on the invoice date, is as follows:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Within 30 days	990	1,430
31–90 days	829	1,120
Over 90 days	3	3
	<b>1,822</b>	<b>2,553</b>

The average credit period on purchases of goods is 0 to 90 days (2023: 0 to 90 days).

(b) Other payables and accruals mainly include the followings:

- (i) approximately HK\$339,000 (2023: HK\$319,000) represented outstanding advertising and promotion expenses; and
- (ii) approximately HK\$1,023,000 (2023: HK\$1,050,000) represented accrued legal and professional fee.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 27. BANK BORROWING

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Bank borrowing, secured	<b>2,486</b>	2,898
The carrying amount of the above borrowing that contain a repayment on demand clause (shown under current liabilities) but repayable:*		
Within one year	<b>426</b>	415
Within a period of more than one year but not exceeding two years	<b>440</b>	428
Within a period of more than two years but not exceeding five years	<b>1,412</b>	1,366
More than five years	<b>208</b>	689
	<b>2,486</b>	2,898
Less: Amount due within one year shown under current liabilities	<b>(2,486)</b>	(2,898)
Amount shown under non-current liabilities	—	—

\* The amount due is based on scheduled repayment dates set out in the loan agreement.

As at 31 March 2024, bank borrowing of HK\$2,486,000 (2023: HK\$2,898,000), which bears interest at HKD Prime minus 2.55% per annum, is repayable based on scheduled repayment dates set out in the loan agreement and the last payment is on 21 August 2029 and is secured by the Group's leasehold land and building (Note 16) with aggregate net carrying value of approximately HK\$28,542,000 (2023: HK\$29,496,000) and guarantee provided by the Company (2023: personal guarantee provided by the Company's directors, Mr. Choy and Mrs. Choy).

In respect of the above bank borrowing, the Group is required to comply with the following financial covenant throughout the continuance of the bank borrowing and/or as long as the borrowing is outstanding:

- the market value of the pledged property shall not be less than HK\$23 million.

The Group has complied with this covenant throughout the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 28. LEASE LIABILITIES

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable:		
Within one year	10,274	9,068
Within a period of more than one year but not exceeding two years	6,501	4,872
Within a period of more than two years but not exceeding five years	1,532	1,799
	<b>18,307</b>	15,739
Less: Amount due for settlement within 12 months shown under current liabilities	(10,274)	(9,068)
	<b>8,033</b>	6,671

The incremental borrowing rates applied to lease liabilities range from 1.82% to 7.14% (2023: 1.60% to 7.14%).

### 29. PROVISIONS

The movements in the provision for reinstatement costs are as follows:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	1,121	1,212
Provisions made during the year	196	—
Reversal during the year	—	(91)
	<b>1,317</b>	1,121
Less: Non-current portion	(941)	(543)
	<b>376</b>	578

Under the terms of the tenancy agreements signed with landlords, the Group shall remove and reinstate the rental premises at the Group's cost upon expiry of the relevant tenancy agreements. Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 30. SHARE CAPITAL

	As at 31 March			
	2024 Number of shares	Share capital HK\$'000	2023 Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each in the share capital of the Company				
Authorised:				
As at 1 April and 31 March	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
As at 1 April and 31 March	762,000,000	7,620	762,000,000	7,620

## 31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 31 October 2022, Nature's Elite Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and Mr. Choy and Mrs. Choy, both being Directors, (collectively the "**Vendors**") entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the entire issued share capital of Prof Kiu International Limited ("**Prof Kiu**"), a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Mr. Choy and 50% by Mrs. Choy, representing the entire issued share capital of Pro Kiu, at a cash consideration of HK\$27,453,000. Prof Kiu holds a warehouse which is located in Hong Kong. The acquisition was completed on 10 January 2023.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 "Business Combinations" and concluded that the land and building component of the warehouse is considered a single identifiable asset.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets and goodwill resulting from the effects of deferred tax liabilities) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

### Assets and liabilities recognised at the date of acquisition

	HK\$'000
Property, plant and equipment	29,712
Deposit and prepayment	52
Cash and cash equivalents	917
Accrued expenses and other payables	(228)
Bank borrowing	(3,000)
	<hr/> 27,453
	<hr/>
	HK\$'000
Net cash outflows arising on acquisition of Prof Kiu	
Consideration paid in cash	27,453
Less: Cash and cash equivalents acquired	(917)
	<hr/> 26,536
	<hr/>

## 32. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

The key management comprises all the Directors, details of their remuneration are disclosed in Note 12 to the consolidated financial statements.

The remuneration of the Directors are determined by the remuneration committee having regard to the performance of individuals and market trends.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 32. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Other related party transactions

- (i) The Group had the following transactions with related parties during the year which the Directors consider to be material:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Payment of lease liabilities (Note 1)	—	743
Payment of lease liabilities (Note 2)	740	—

Notes:

- The lease payments were paid to Prof Kiu for the period from 1 April 2022 to 9 January 2023 (the date before the completion of acquisition of Prof Kiu), which was controlled by two of the Directors, in accordance with the terms of underlying contracts. The Directors are of the opinion that the above transactions were entered in normal course of business.
  - The lease payment were paid to a related company, Tiger 2023 Limited, for the period from 1 June 2023 to 31 March 2024, which was controlled by two of the Directors, Mr. Choy and Mrs. Choy, in accordance with the terms of underlying contracts. The Directors are of the opinion that the above transactions were entered in normal course of business.
- (ii) Lease liabilities payable to Tiger 2023 Limited:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Within 1 year	801	—
After 1 year but within 5 years	1,001	—
	1,802	—

#### (iii) Acquisition of Prof Kiu

As disclosed in Note 31, the entire issued share capital of Pro Kiu was acquired from two of the Directors, Mr. Choy and Mrs. Choy, at a consideration of HK\$27,453,000. The acquisition was completed on 10 January 2023.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Group at the end of the reporting period are as follows:

Name	Place of incorporation/ operations	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2024	2023	2024	2023	2024	2023	2024	2023	
%	%	%	%	%	%	%	%	%				
Truth & Faith International Limited	Hong Kong	Ordinary share	HK\$10,000	—	—	100%	100%	—	—	100%	100%	Retail and wholesale of health and personal care products
Truth & Faith International (Macau) Limited	Macau	Ordinary share	MOP50,000	—	—	100%	100%	—	—	100%	100%	Retail of health and personal care products in Macau
Miracle Natural Products Limited	Hong Kong	Ordinary share	HK\$2	—	—	100%	100%	—	—	100%	100%	Wholesale of health and personal care products
Ausupreme International Limited	Hong Kong	Ordinary share	HK\$2	—	—	100%	100%	—	—	100%	100%	Holding of trademarks
Ausupreme International Trade (Shenzhen) Co., Limited* 澳至尊國際貿易(深圳)有限公司	The PRC	Registered capital	HK\$5,000,000	—	—	100%	100%	—	—	100%	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment
Ausupreme International Trade (Hainan Province) Co., Limited* 澳至尊國際貿易(海南省)有限公司	The PRC	Registered capital	HK\$15,500,000 (2023: HK\$11,500,000) Registered: HK\$30,000,000	—	—	100%	100%	—	—	100%	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment
Miracle Trading (Zhuohai) Company Limited* 奇恩貿易(珠海)有限公司	The PRC	Registered capital	RMB6,000,000 Registered: RMB10,000,000	—	—	100%	100%	—	—	100%	100%	Trading of e-commerce, retail and wholesale of health and personal care products in the PRC and properties investment
Hulotte International Limited	Hong Kong	Ordinary share	HK\$1	—	—	100%	100%	—	—	100%	100%	Properties investment

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Details of the subsidiaries directly and indirectly held by the Group at the end of the reporting period are as follows: (Continued)

Name	Place of incorporation/ operations	Class of shares held	Paid up issued/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2024	2023	2024	2023	2024	2023	2024	2023	
%	%	%	%	%	%	%	%	%	%			
Faithfulness International Limited	BVI	Ordinary share	US\$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Gentleness International Limited	BVI	Ordinary share	US\$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Goodness International Limited	BVI	Ordinary share	US\$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Patience International Limited	BVI	Ordinary share	US\$1,001	100%	100%	—	—	100%	100%	—	—	Investment holding
Nature's Elite Limited	BVI	Ordinary share	US\$1	100%	100%	—	—	100%	100%	—	—	Investment holding
Deerfield Global Limited (Note)	BVI	Ordinary share	US\$1	—	100%	—	—	—	100%	—	—	Investment holding
Ausupreme International (Singapore) Pte. Ltd.	Singapore	Ordinary share	Singapore dollars 200,000	—	—	100%	100%	—	—	100%	100%	Retail and wholesale of health and personal care products
Prof Kiu International Limited	Hong Kong	Ordinary share	HK\$9,354,184	—	—	100%	100%	—	—	100%	100%	Properties investment

\* For identification purpose only

+ A wholly foreign owned enterprise established in the PRC.

Note: The subsidiary was dissolved on 4 July 2023.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

	As at 31 March	
	2024	2023
	HK\$'000	HK\$'000
<b>Non-current assets</b>		
Deferred tax assets	107	107
Investment in subsidiaries	31	31
	<b>138</b>	138
<b>Current assets</b>		
Prepayments	244	176
Amounts due from subsidiaries	123,509	108,484
Cash and cash equivalents	789	732
	<b>124,542</b>	109,392
<b>Current liabilities</b>		
Accruals	1,373	1,024
Dividend payable	12	10
	<b>1,385</b>	1,034
<b>Net current assets</b>	<b>123,157</b>	108,358
<b>Net assets</b>	<b>123,295</b>	108,496
<b>Capital and reserves</b>		
Share capital	7,620	7,620
Reserves (Note)	115,675	100,876
<b>Total equity</b>	<b>123,295</b>	108,496

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 26 June 2024 and are signed on its behalf by:

**CHOY CHI FAI**  
Director

**HO KA MAN**  
Director

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movements of the Company's reserves are as follows:

	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2022	91,260	9,863	101,123
Profit and total comprehensive income for the year	—	7,373	7,373
Dividends recognised as distribution	—	(7,620)	(7,620)
<b>At 31 March 2023</b>	<b>91,260</b>	<b>9,616</b>	<b>100,876</b>
Profit and total comprehensive income for the year	—	22,419	22,419
Dividends recognised as distribution	—	(7,620)	(7,620)
<b>At 31 March 2024</b>	<b>91,260</b>	<b>24,415</b>	<b>115,675</b>

### 35. PLEDGE OF ASSETS

The Group's bank borrowing had been secured by certain of the Group's assets and the carrying amounts of the respective assets are as follows:

	As at 31 March	
	2024 HK\$'000	2023 HK\$'000
Leasehold land and buildings	28,542	29,496

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 36. RETIREMENT BENEFITS PLANS

### Defined contribution plans

#### *Hong Kong*

The Group operates a MPF scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

#### *Mainland China*

The employees of the Group's subsidiaries in Mainland China are members of the state-managed retirement benefits scheme operated by the government of PRC. The subsidiaries in Mainland China are required to contribute a certain percentage of the payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

#### *Singapore*

The Group operates a Central Provident Fund Scheme (the "CPF Scheme") under the Central Provident Fund Act (Chapter 36 of the Laws of Singapore) for employees employed under the jurisdiction of the Employment Act (Chapter 91 of the Laws of Singapore). The CPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the CPF Scheme, the employer and its employees are each required to make contributions to the CPF Scheme at generally 17% and 20% of the employees' relevant income. There are different Central Provident Fund contribution rates applied to the senior workers aged 55 and above. Contributions to the CPF Scheme vest immediately.

#### *Macau*

Employees in Macau participate in a Social Security Fund which is a mandatory scheme under the regulations of Macao's Social Security System. The employer and the employees are required to make a total contribution of MOP90.00 per month (equivalent to HK\$87.40 per month).

The total expense recognised in profit or loss of approximately HK\$2,858,000 (2023: HK\$1,992,000) represents contributions paid and payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2024, contributions of approximately HK\$176,000 (2023: HK\$138,000) due in respect of the year ended 31 March 2024 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period. At 31 March 2024 and 31 March 2023, the Group had no forfeited contribution available to reduce its contributions to the retirement benefit schemes in future years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 36. RETIREMENT BENEFITS PLANS (Continued)

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

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

Last monthly wages (before termination of employment)  $\times$  2/3  $\times$  Years of service

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

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

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

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition as disclosed in Note 2 and Note 3.2.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 36. RETIREMENT BENEFITS PLANS (Continued)

#### LSP obligation

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

	2024 HK\$'000	2023 HK\$'000
Opening unfunded obligation at 1 April 2023 and 1 April 2022	406	260
Past service cost for prior years	167	—
Current service cost for the year	102	146
Interest cost	24	—
Closing unfunded obligation at 31 March 2024 and 31 March 2023 (Note)	699	406
Less: Closing unfunded obligation shown under current liabilities	(699)	(406)
Closing unfunded obligation shown under non-current liabilities	—	—

Note: The weighted average duration of the LSP obligation at 31 March 2024 is 18.68 years.

The current service cost of approximately HK\$102,000 and the interest expense of approximately HK\$24,000 for the year have been included in administrative expenses.

Significant actuarial assumptions for the determination of the LSP obligation are discount rate of 4.13% and expected salary increase of 6.00%. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the LSP obligation would decrease by approximately HK\$56,000 (increase by approximately HK\$64,000).
- If the expected salary increases (decreases) by 1%, the LSP obligation would increase by approximately HK\$1,000 (decrease by approximately HK\$2,000).

The sensitivity analysis presented above may not be representative of the actual change in the LSP obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

### 37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowing HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2022	—	15,871	15,871
<i>Change from cash flows:</i>			
Repayment of leases	—	(13,940)	(13,940)
Repayment of bank borrowing	(120)	—	(120)
	(120)	(13,940)	(14,060)
<i>Non-cash changes:</i>			
Arisen from acquisition of a subsidiary	3,000	—	3,000
New leases entered/lease modified	—	14,657	14,657
Interest expenses	18	550	568
Derecognition	—	(1,398)	(1,398)
Exchange adjustments	—	(1)	(1)
	3,018	13,808	16,826
At 31 March 2023	<b>2,898</b>	<b>15,739</b>	<b>18,637</b>
<i>Change from cash flows:</i>			
Repayment of leases	—	(13,143)	(13,143)
Repayment of bank borrowing	(501)	—	(501)
	(501)	(13,143)	(13,644)
<i>Non-cash changes:</i>			
New leases entered	—	14,702	14,702
Interest expenses	89	1,011	1,100
Exchange adjustments	—	(2)	(2)
	89	15,711	15,800
<b>At 31 March 2024</b>	<b>2,486</b>	<b>18,307</b>	<b>20,793</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## **38. MAJOR NON-CASH TRANSACTIONS**

- (a) During the year ended 31 March 2024, the Group entered into a lease agreement for an office premise located in Hong Kong for 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$2,531,000 and HK\$2,431,000 respectively.
- (b) During the year ended 31 March 2024, the Group entered into 8 lease agreements for 8 specialty shops located in Hong Kong and Macau for 1 to 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$12,367,000 and HK\$12,271,000 respectively.
- (c) During the year ended 31 March 2023, the Group entered into 8 lease agreements for 8 specialty shops located in Hong Kong for 1 to 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of both approximately HK\$14,657,000 and HK\$14,657,000 respectively.

## Particulars of Investment Properties

As at 31 March 2024

Details of the Group's investment properties are disclosed as follows:

Location	Use	Lease Term	Attributable Interests of the Group
Unit 303 on Level 3, Block 50, Xidao Garden, Bihai Silver Lake, No. 198 Zhongxing Road, Yamen Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC	Property letting	Long lease	100%
Unit 308 on Level 3, Block 50, Xidao Garden, Bihai Silver Lake, No. 198 Zhongxing Road, Yamen Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC	Property letting	Long lease	100%
2214, Building 2, No. 67 Maosheng 2nd Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC	Property letting	Medium lease	100%
2614, Building 2, No. 67 Maosheng 2nd Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC	Property letting	Medium lease	100%
1602, Unit 2, Building 1, No. 169 Jinhe East Road, Jinwan District, Zhuhai City, Guangdong Province, the PRC	Property letting	Long lease	100%

## Five-Year Financial Summary

	Year ended 31 March 2024 HK\$'000	Year ended 31 March 2023 HK\$'000	Year ended 31 March 2022 HK\$'000	Year ended 31 March 2021 HK\$'000	Year ended 31 March 2020 HK\$'000
<b>RESULTS</b>					
Revenue	269,022	146,158	128,726	102,907	210,543
Profit (loss) before taxation	37,519	1,160	(2,966)	3,474	14,432
Income tax (expense) credit	(6,845)	(663)	2,123	370	(2,385)
Profit (loss) for the year	30,674	497	(843)	3,844	12,047
Total comprehensive income (expense) for the year	29,770	(2,885)	(2,042)	2,181	12,002
<b>ASSETS AND LIABILITIES</b>					
Total assets	218,811	189,412	198,071	202,171	214,686
Total liabilities	(40,601)	(33,352)	(31,506)	(25,944)	(33,020)
<b>Net assets</b>	<b>178,210</b>	156,060	166,565	176,227	181,666
<b>Total equity</b>	<b>178,210</b>	156,060	166,565	176,227	181,666