



心心功能內衣

My Heart Bodibra Group Limited
心心芭迪貝伊集團有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 8297

Annual Report
2020-21





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Wai Kit
(resigned on 14 May 2020)
Mr. Tam Chak Chi
Mr. Xu Xue
(appointed on 14 May 2020)

Independent Non-Executive Directors

Ms. Chan Ka Ming
(resigned on 14 May 2020)
Mr. Cai Chun Fai
(resigned on 9 April 2021)
Mr. Ong King Keung
(resigned on 11 May 2021)
Mr. Deng Guo Hong
(appointed on 14 May 2020)
Ms. Yuan Xiaoxi
(appointed on 9 April 2021)
Mr. Tang Yiu Kay
(appointed on 18 June 2021)

BOARD COMMITTEES

Audit Committee

Ms. Chan Ka Ming
(resigned on 14 May 2020)
Mr. Cai Chun Fai (*Chairman*)
(resigned on 9 April 2021)
Mr. Ong King Keung (*Chairman*)
(resigned on 11 May 2021)
Mr. Deng Guo Hong
(appointed on 14 May 2020)
Ms. Yuan Xiaoxi
(appointed on 9 April 2021)
Mr. Tang Yiu Kay (*Chairman*)
(appointed on 18 June 2021)

Nomination Committee

Ms. Chan Ka Ming (*Chairman*)
(resigned on 14 May 2020)
Mr. Cai Chun Fai
(resigned on 9 April 2021)
Mr. Ong King Keung
(resigned on 11 May 2021)
Mr. Tam Chak Chi
Mr. Xu Xue
(appointed on 14 May 2020)
Mr. Deng Guo Hong (*Chairman*)
(appointed on 14 May 2020)
Ms. Yuan Xiaoxi
(appointed on 9 April 2021)
Mr. Tang Yiu Kay
(appointed on 18 June 2021)

Remuneration Committee

Ms. Chan Ka Ming (*Chairman*)
(resigned on 14 May 2020)
Mr. Cai Chun Fai
(resigned on 9 April 2021)
Mr. Ong King Keung
(resigned on 11 May 2021)
Mr. Tam Chak Chi
Mr. Xu Xue
(appointed on 14 May 2020)
Mr. Deng Guo Hong (*Chairman*)
(appointed on 14 May 2020)
Ms. Yuan Xiaoxi
(appointed on 9 April 2021)
Mr. Tang Yiu Kay
(appointed on 18 June 2021)

AUTHORISED REPRESENTATIVES

Mr. Wong Wai Kit
(resigned on 14 May 2020)
Mr. Tam Chak Chi
Mr. Xu Xue
(appointed on 14 May 2020)

COMPLIANCE OFFICER

Mr. Tam Chak Chi

COMPANY SECRETARY

Mr. Yu King Tin
(resigned on 1 August 2020)
Mr. Tam Chak Chi
(appointed on 1 August 2020)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1/F., Lok Kui Industrial Building
6–8 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKER

Hang Seng Bank Limited

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

GEM STOCK CODE

8297

WEBSITE

www.bodibra.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is one of the leading retailers of lingerie with shaping functions in Hong Kong, with production facilities in the People's Republic of China (the **"PRC"**) and Hong Kong. During the year ended 31 March 2021 and up to the date of this report, the Group is principally engaged in the designing, manufacturing and sales of core lingerie products under the core brand of "Bodibra" and sub-brands, namely "June", "ooobiki", "Bodicare" and "invisi". The Group principally offers a wide range of the Group's own branded lingerie that are designed with shaping functions which aim to achieve better body appearances, including bras and panties, body shaping underwear and chest support vests. The Group also (1) sells other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands; and (2) provides beauty services.

The outbreak of the novel coronavirus pneumonia (the **"COVID-19 pandemic"**) in 2020 disrupted Hong Kong's economic growth and especially the local retail market. In addition, the outbreak coincided with the spring and the Christmas festival holidays, which are the peak season for the retail market.

Facing the difficulties, the Group put in much effort to (1) enhance the operational efficiency and strengthen the cost control measures; (2) cease the operation of a non-profit-making retail outlet at Shop No. 253 on level 2 of East Point City, 8 Chung Wa Road, Tseung Kwan O on 24 February 2021; (3) reduce the production capacity and enhance the inventory management; and (4) actively negotiate with business partners including suppliers and landlords on mitigating measures. As a result, the Group recorded a profit attributable to owners of the Company for the year ended 31 March 2021.

PROSPECTS

Although Hong Kong has seen several rounds of ups and downs of the COVID-19 pandemic and has not come back to normal, with the stricter pandemic preventive measures imposed by the Hong Kong Government and the implementation of COVID-19 vaccination programme held in Hong Kong and difference countries, the board of directors of the Company (the **"Board"**) is cautiously optimistic that the local retail market will return to normalcy.

Looking forward, the Group will continue to improve the operational efficiency and keep on the cost control measures, and on the other hand, the Group will actively optimize its existing resources so as to enhance the profitability and the core competitiveness. In addition, after the successful completion of placing of new shares of the Company on 30 April 2021, the Group will cautiously seek for potential business opportunities to create higher value for shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2021, the Group's revenue principally represents income derived from (1) sales of lingerie products and other complementary and ancillary products; and (2) provision of beauty services recorded a total amount of approximately HK\$53.4 million, representing a decrease of approximately 14.6% compared with the revenue of approximately HK\$62.5 million for the year ended 31 March 2020 as a result of the decrease in revenue due to weak retail sales caused by the COVID-19 pandemic in Hong Kong.

Cost of Sales and Gross Profit

The Group's cost of sales recorded approximately HK\$11.2 million for the year ended 31 March 2021, representing an decrease of approximately 51.7% compared with the cost of sales of approximately HK\$23.2 million for the year ended 31 March 2020. The decrease in cost of sales was primarily due to effective cost control measures and inventory management.

The gross profit increased by approximately 7.1% from approximately HK\$39.4 million for the year ended 31 March 2020 to approximately HK\$42.2 million for the year ended 31 March 2021.

Selling Expenses

The Group's selling expenses decreased by approximately HK\$5.4 million from approximately HK\$24.8 million for the year ended 31 March 2020 to approximately HK\$19.4 million for the year ended 31 March 2021, which was mainly due to the decrease in advertising expenses and staff costs.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately HK\$11.7 million from approximately HK\$29.4 million for the year ended 31 March 2020 to approximately HK\$17.7 million for the year ended 31 March 2021, which was primarily due to the decrease in staff costs, rental expenses and the depreciation of right-of-use assets.

Profit/(loss) before Tax

As a result of the foregoing, the Group recorded a profit before tax of approximately HK\$4.4 million for the year ended 31 March 2021 compared with a loss before tax of approximately HK\$46.8 million for the year ended 31 March 2020, which was mainly due to (1) the effective inventory management and cost control measures; (2) the decrease in staff costs, rental expenses, advertising expenses and depreciation of right-of-use assets; (3) the Government grants under Employment Support Scheme and the COVID-19 rent concessions received granted by landlords; and (4) the reversal of impairment losses of property, plant and equipment and right-of-use assets recognised in previous year.

Income Tax Expense

Income tax expense increased to approximately HK\$724,000 for the year ended 31 March 2021.

Profit/(loss) for the Year Attributable to Owners of the Company

As a result of the cumulative effect of the above factors, the Group had recorded a profit attributable to owners of the Company of approximately HK\$3.7 million for the year ended 31 March 2021, compared with a loss attributable to owners of the Company of approximately HK\$46.8 million for the year ended 31 March 2020. This was mainly attributable to (1) the effective inventory management and cost control measures; (2) the decrease in staff costs, rental expenses, advertising expenses and depreciation of right-of-use assets; (3) the Government grants under Employment Support Scheme and the COVID-19 rent concessions received granted by landlords; and (4) the reversal of impairment losses of property, plant and equipment and right-of-use assets recognised in previous year.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2021 (2020: Nil).

RESULTS OF FINANCIAL POSITION

The Group's total assets decreased by approximately HK\$18.7 million to approximately HK\$61.7 million as at 31 March 2021 (2020: approximately HK\$80.4 million).

The Group's total liabilities decreased by approximately HK\$22.3 million to approximately HK\$90.4 million as at 31 March 2021 (2020: approximately HK\$112.7 million).

The capital deficiency attributable to owners of the Company decreased by approximately HK\$3.6 million to approximately HK\$28.7 million deficiency as at 31 March 2021 (2020: approximately HK\$32.3 million deficiency).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had net current liabilities of approximately HK\$55.1 million (31 March 2020: approximately HK\$62.3 million). The Group had cash and bank balances of approximately HK\$3.7 million as at 31 March 2021 (31 March 2020: approximately HK\$3.3 million).

CAPITAL STRUCTURE

During the year, there has been no change in the capital structure of the Group. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2021, the Company's issued share capital was HK\$4,800,000 of HK\$0.01 each and the number of its issued ordinary shares was 480,000,000.

Details of changes in the Company's share capital for the year ended 31 March 2021 are set out in note 30 to the consolidated financial statements.

GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 31 March 2021, the Group's gearing ratio was Nil (31 March 2020: Nil).

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

There was no significant investment held by the Company or material acquisition and disposal made by the Company during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 105 full-time employees (31 March 2020: 120 full-time employees). The total staff cost amounted to approximately HK\$19.6 million (2020: HK\$27.8 million). Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

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

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, Macau Pataca and Renminbi, being in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy. Management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arises. As at 31 March 2021, the Directors considered the Group's foreign exchange risk remained minimal.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have other material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2021, the Group did not have any other mortgage or charge over its assets.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 40 to the consolidated financial statements, no other material subsequent events undertaken by the Company or by the Group after the reporting period.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tam Chak Chi (“Mr. Tam”), aged 44, was appointed as an executive Director in December 2018. Mr. Tam is a member of each of the remuneration committee and nomination committee of the Board. He is also the company secretary and compliance officer of the Company.

Mr. Tam holds a bachelor’s degree of commerce from the University of Toronto. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a member of each of the American Institute of Certified Public Accountants and the Chartered Global Management Accountant. Mr. Tam has more than 15 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies. He is currently an independent non-executive director of Wisdom Wealth Resources Investment Holding Group Limited (formerly known as Hong Kong Finance Investment Holding Group Limited) (stock code: 00007), the shares of which are listed on the Main Board of the Stock Exchange. Further, he is currently an independent non-executive director of Wealth Glory Holdings Limited (stock code: 8269) and AL Group Limited (stock code: 8360), the respective shares of which are listed on the GEM of the Stock Exchange, and a financial consultant of various private companies.

Mr. Xu Xue (“Mr. Xu”), aged 49, was appointed as an executive Director in May 2020. Mr. Xu is a member of each of the remuneration committee and nomination committee of the Board.

Mr. Xu graduated from Shaanxi Institute of Education* (陝西教育學院) (now known as Shaanxi Xueqian Normal University) in the People’s Republic of China in 1996, majoring in history education. Mr. Xu has more than 20 years of management experience in manufacturing and electronics sectors and has been the founder of and served various senior positions in various private companies. He was previously an executive director of Republic Healthcare Limited (stock code: 8357) from 21 November 2018 to 15 August 2019, its shares are listed on the GEM.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Deng Guo Hong (“Mr. Deng”), aged 63, was appointed as an independent non-executive Director in May 2020. Mr. Deng is the chairman of each of the remuneration committee and nomination committee and a member of the audit committee of the Board.

Mr. Deng graduated with a bachelor’s degree in Medicine from China Three Gorges University (三峽大學) in Hubei Province, the People’s Republic of China in February 1982. Mr. Deng has more than 38 years of management and consultancy experience in manufacturing, insurance, selling, leasing and government sectors and has served various senior positions at various private companies. He was previously an executive director of Nine Express Limited (currently known as Keyne Limited) (stock code: 0009) from 3 June 2016 to 18 August 2016, its shares are listed on the Main Board of the Stock Exchange.

* For identification purpose only

Ms. Yuan Xiaoxi ("Ms. Yuan"), aged 35, was appointed as an independent non-executive Director in April 2021. Ms. Yuan is the member of each of the audit committee, nomination committee and remuneration committee of the Board.

Ms. Yuan holds a bachelor's degree of arts from Rutgers, The State University of New Jersey and a master's degree of accounting from University of Southern California. Ms. Yuan previously worked at PricewaterhouseCoopers and UBS AG Hong Kong Branch. She is currently a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) of certain companies. She has over 10 years of experience in portfolio management, financial management and investment strategy.

Mr. Tang Yiu Kay ("Mr. Tang"), aged 39, was appointed as an independent non-executive Director in June 2021. Mr. Tang is the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Board.

Mr. Tang holds a master degree in financial services and society and a bachelor degree in financial management and accounting. Mr. Tang is currently a practicing member of Hong Kong Institute of Certified Public Accountants and has over 15 years of solid experiences in tax issues, internal control, auditing, financial accounting and business management. Mr. Tang is currently a director of Good Chance CPA Limited. He is primarily responsible for providing consultancy services on tax and audit issues to clients in Hong Kong. Mr. Tang also has professional expertise and extensive experience in financial management and accounting in listed companies in Hong Kong. Mr. Tang has been appointed as an independent non-executive director and chairman of each of the audit committee, the remuneration committee and the nomination committee of China Properties Investment Holdings Limited (Stock Code: 736) with effect from 3 June 2021.

SENIOR MANAGEMENT

Mr. Fok Wai Hung ("Mr. Fok"), aged 44, is the financial controller of the Group. Mr. Fok is responsible for the overall financial management and reporting and the corporate secretarial matters of the Group. He joined the Group in December 2014 as finance manager of My Heart Lingerie Limited, an indirect wholly-owned subsidiary of the Company. Mr. Fok is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2021 (the “**Period**”), except for the deviations as specified below. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has not appointed chief executive officer and chairman since 27 October 2017 and 6 February 2018 respectively. The roles and functions of chief executive officer and chairman have been performed by all the executive Directors collectively. The Board will keep reviewing its current structure from time to time and will appoint chief executive officer and chairman if the Board considers appropriate and necessary.

Under Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and to gain and develop a balanced understanding of the views of shareholders. During the Period, Mr. Xu Xue, the executive Director, and Mr. Cai Chun Fai, Mr. Deng Guo Hong and Mr. Ong King Keung, the independent non-executive Directors, did not attend the annual general meeting of the Company held on 14 August 2020 due to other prior business engagements.

NON-COMPLIANCE WITH REQUIREMENTS UNDER RULES 5.05(1), 5.05(2), 5.28 AND 5.34 OF THE GEM LISTING RULES

Following the resignation of Mr. Ong King Keung (“**Mr. Ong**”) as independent non-executive Director on 11 May 2021, the Company only had two independent non-executive Directors and thus the number of the independent non-executive Directors fell below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. According to Rule 5.05(2) of the GEM Listing Rules, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise (the “**Qualification**”), and, there would be no independent non-executive Director who has the Qualification as required under Rule 5.05(2) of the GEM Listing Rules. The Company had also failed to comply with (i) the requirements set out in Rule 5.28 of the GEM Listing Rules that the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with the Qualification and must be chaired by an independent non-executive director; and (ii) the requirements set out in Rule 5.34 of the GEM Listing Rules that the remuneration committee must comprise a majority of independent non-executive directors.

Mr. Tang Yiu Kay (“**Mr. Tang**”), who has the Qualification, was appointed as an independent non-executive Director on 18 June 2021, which was within three months from the date of resignation of Mr. Ong as required by Rules 5.06 and 5.33 of the GEM Listing Rules.

Upon the appointment of Mr. Tang as independent non-executive Director on 18 June 2021, the Company has satisfied the requirements under Rule 5.05(1) and Rule 5.05(2) of the GEM Listing Rules. In addition, the Company had complied with the requirements set out under Rule 5.28 and Rule 5.34 of the GEM Listing Rules with regard to the composition of the audit committee and remuneration committee respectively.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of the Directors and to the best knowledge and the information available to the Board, each of them was in compliance with the Code of Conduct and Required Standard Dealings during the Period. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Period.

BOARD OF DIRECTORS

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

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

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

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

Executive Directors:

Mr. Tam Chak Chi (*Compliance officer*)

Mr. Xu Xue (appointed on 14 May 2020)

Independent non-executive Directors:

Mr. Deng Guo Hong (appointed on 14 May 2020)

Ms. Yuan Xiaoxi (appointed on 9 April 2021)

Mr. Tang Yiu Kay (appointed on 18 June 2021)

Biographical details of the Directors are set out in the section of “Directors and Senior Management” on pages 9 to 10 of this annual report.

Directors' Training and Continuing Professional Development

Each newly appointed Director would receive a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

In compliance with the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the Period, all Directors have participated in continuous professional development in the following manner:

Directors	Attended seminar in relation to directors' responsibilities and the GEM Listing Rules	Reading materials relating to GEM Listing Rules update
Executive Directors		
Tam Chak Chi	✓	✓
Xu Xue (appointed on 14 May 2020)		✓
Independent non-executive Directors		
Cai Chun Fai (resigned on 9 April 2021)	✓	✓
Ong King Keung (resigned on 11 May 2021)	✓	✓
Deng Guo Hong (appointed on 14 May 2020)		✓

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

Directors' Attendance at Board Meeting and General Meeting

The Board is responsible for the management of the Company. During the Period, the Board had scheduled regular meeting and additional Board meetings were held as and when necessary. During the Period, the Board had held 5 Board meetings and an annual general meeting of the Company, which was held on 14 August 2020, with the attendance of the external auditor to answer questions. The attendance of each Director is set out as follows:

Name of Directors	Number of Meetings Attended/ Eligible to Attend for the Period	
	Board meeting	Annual general meeting
Executive Directors		
Wong Wai Kit (resigned on 14 May 2020)	1/1	N/A
Tam Chak Chi	5/5	1/1
Xu Xue (appointed on 14 May 2020)	4/4	0/1
Independent non-executive Directors		
Chan Ka Ming (resigned on 14 May 2020)	1/1	N/A
Cai Chun Fai (resigned on 9 April 2021)	5/5	0/1
Ong King Keung (resigned on 11 May 2021)	5/5	0/1
Deng Guo Hong (appointed on 14 May 2020)	4/4	0/1

Independent non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all three independent non-executive Directors as at the date of this report, namely, Mr. Deng Guo Hong, Ms. Yuan Xiaoxi and Mr. Tang Yiu Kay are independent in accordance with the terms of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE

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

Save as disclosed in the section headed “Corporate Governance Practices”, the Company (i) has not appointed chief executive officer (“**CEO**”) since 27 October 2017 and (ii) has not appointed chairman since 6 February 2018. The roles and functions of the chairman and CEO have been performed by all the executive Directors collectively. The Board will keep reviewing the current structure of the Board from time to time and will appoint CEO and chairman if the Board considers appropriate and necessary.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

BOARD COMMITTEES

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

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

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of the Directors, and reviewing the Company's compliance with the code provisions in the CG Code and disclosures in this report.

Audit Committee

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

During the Period, the Audit Committee held 4 meetings and the work performed by the Audit Committee during the Period included (i) review of the effectiveness of the internal control and risk management systems of the Company; (ii) considering and making recommendation to the Board for approval regarding the re-appointment of auditor (including the fees to be charged by the external auditor); (iii) review of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2020; (iv) review of the unaudited quarterly results and interim results together with the respective reports of the Group in respect of the year ended 31 March 2021, with recommendation to the Board for approval; (v) review of the terms of reference of the Audit Committee; and (vi) review and approval of the independent review result of the internal audit system carried out by an external profession adviser.

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

Name of Directors	Number of attendance	Number of meetings held during term of office
Chan Ka Ming (resigned on 14 May 2020)	N/A	N/A
Cai Chun Fai (resigned on 9 April 2021)	4	4
Ong King Keung (resigned on 11 May 2021)	4	4
Deng Guo Hong (appointed on 14 May 2020)	4	4

Subsequent to the year ended 31 March 2021, the Audit Committee reviewed the annual report and annual results announcement, as well as the effectiveness of the risk management and internal control systems of the Group for the year ended 31 March 2021. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 complied with applicable accounting standards, the requirements under the GEM Listing Rules and that adequate disclosures have been made.

Nomination Committee

The nomination committee of the Board (the “**Nomination Committee**”) was established on 13 July 2017 with written terms of reference, which was updated on 31 December 2018, in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the independent non-executive Directors; (d) making recommendations to the Board on the appointment and succession planning for the Directors. As at the date of this report, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Deng Guo Hong, Ms. Yuan Xiaoxi and Mr. Tang Yiu Kay, and two executive Directors, namely Mr. Tam Chak Chi and Mr. Xu Xue. Mr. Deng Guo Hong is the chairman of the Nomination Committee.

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

During the Period, the Nomination Committee held 2 meetings and the work performed by the Nomination Committee during the Period included (i) review of the structure, size and composition of the Board; (ii) making recommendation to the Board for approval of the re-election and appointment of directors after consideration of a range of diversity perspectives; (iii) assessing the independence of the independent non-executive Directors; and (iv) review of the terms of reference of the Nomination Committee and board diversity policy of the Company.

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

Name of Directors	Number of attendance	Number of meetings held during term of office
Chan Ka Ming (resigned on 14 May 2020)	1	1
Cai Chun Fai (resigned on 9 April 2021)	2	2
Tam Chak Chi	2	2
Deng Guo Hong (appointed on 14 May 2020)	1	1
Xu Xue (appointed on 14 May 2020)	1	1

Remuneration Committee

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

During the Period, the Remuneration Committee held 2 meetings and the work performed by the Remuneration Committee during the Period included reviewing and making recommendation to the Board for approving the remuneration for the Directors being appointed during the Period and the grant of bonus to the staffs of the Group.

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

Name of Directors	Number of attendance	Number of meetings held during term of office
Chan Ka Ming (resigned on 14 May 2020)	1	1
Cai Chun Fai (resigned on 9 April 2021)	2	2
Deng Guo Hong (appointed on 14 May 2020)	1	1
Tam Chak Chi	2	2
Xu Xue (appointed on 14 May 2020)	1	1

Details of the emolument of each Director are set out in note 14 to the consolidated financial statements.

BOARD DIVERSITY

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The Board undertakes the full responsibility to oversee and carry out an annual review on the adequacy and effectiveness of the Group's risk management and internal control systems. Both the compliance committee of the Company (the "**Compliance Committee**") and the Audit Committee provide the Board with their independent views on the adequacy and effectiveness of the Group's risk management and internal control systems, after taking into consideration of the internal assessment of senior management, the independent review result carried out by external professional consultant, and the recommendation provided by the external auditor, if any.

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

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

It is proposed that the Board may conduct a follow-up review after the relevant recommendations from the Compliance Committee have been implemented.

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

Risk Identification

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

Risk Assessment

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

Risk Response

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

Risk Monitoring and Reporting

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

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

The Board has engaged external professional consultant as its risk management and internal control review adviser (the "**Adviser**") to conduct the annual review of the risk management and internal control systems for the year ended 31 March 2021. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management of the Company. The Board/Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate. The adequacy of resources, qualifications and experience, training and budget of accounting, internal audit and financial reporting functions have also been reviewed on an annual basis.

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

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

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

In March 2021, the Company engaged Roma Risk Advisory Limited to review the internal control systems of the Company (regarding human resources and payroll management and revenue and accounts receivable management) and to make recommendations accordingly.

AUDITOR'S REMUNERATION

During the year ended 31 March 2021, the fees paid to the Company's auditor, McMillan Woods (Hong Kong) CPA Limited and its network firm in respect of audit and non-audit services provided to the Group are as follows:

HK\$'000

Audit services	600
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DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

COMPANY SECRETARY

Mr. Yu King Tin has been appointed as the company secretary of the Company (the **"Company Secretary"**) since 1 October 2019 and up to 1 August 2020. Mr. Tam Chak Chi, the executive Director, has been appointed as the Company Secretary since 1 August 2020. Please refer to the section headed "Directors and Senior Management" of this annual report for the biographical details of Mr. Tam.

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

COMPLIANCE OFFICER

Mr. Tam Chak Chi, the executive Director, has been appointed as compliance officer of the Company since 11 December 2018. Please refer to the section headed "Directors and Senior Management" of this annual report for the biographical details of Mr. Tam.

SHAREHOLDERS' RIGHTS

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

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

Procedure for directing Shareholders' enquiries to the Board

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

CONSTITUTIONAL DOCUMENTS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

My Heart Bodibra Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is principally engaged in designing, developing, manufacturing and selling its own branded lingerie. The Group principally offers lingerie that is designed with shaping functions which aims to achieve better body appearance, including bras, body shaping underwear and chest support vests. The Group also sells other complementary and ancillary products, primarily including breast cream, panties, nude bras, swimwear, bra straps and pads, and waist bands.

The Group places great emphasis on incorporating sustainable business practices into its daily operations. This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The board of directors (the “**Board**”) oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal controls through an annual assessment.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data and identifying the Group’s ESG issues. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

REPORTING SCOPE

The ESG Report covers the Group’s business activities and operations in Hong Kong, Macau and Shenzhen in the People’s Republic of China (“**PRC**”). The key performance indicators (“**KPIs**”) gathered are shown in the ESG Report and are supplemented by explanatory notes to establish benchmarks.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Report on pages 11 to 21 of the Annual Report 2020-21.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 March 2021 (the “**Year**”).

STAKEHOLDER ENGAGEMENT

To fully understand, respond to and address the core concern of different stakeholders, the Group engages its key stakeholders to identify sustainability topics and potential risks. Key stakeholders include but are not limited to, customers, employees, shareholders and investors, government and regulatory authorities, suppliers and community.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods as shown below:

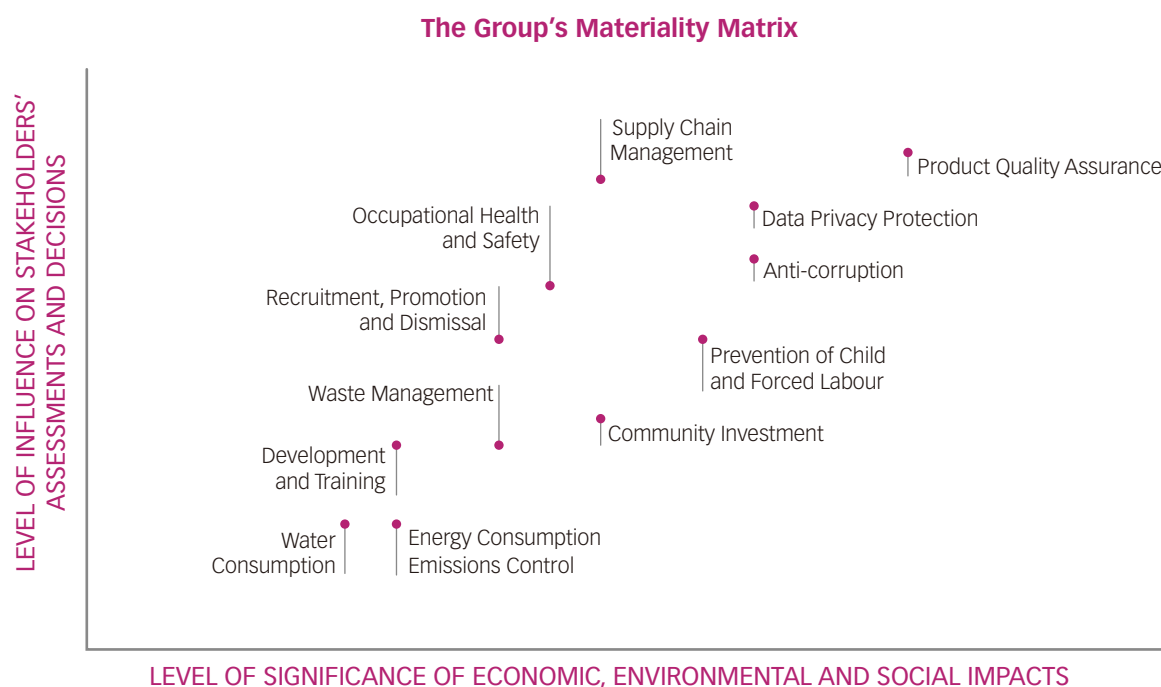
Stakeholders	Engagement Methods	Expectations
Customers	- Customer service hotline and email - Marketing events - Social media platform	- Product quality - Customer satisfaction - After-sales services
Employees	- Performance evaluation or appraisal - Internal announcement	- Humanity and labour rights - Occupational health and safety - Career development - Equal opportunity
Shareholders and investors	- Annual general meeting and other shareholder meetings - Financial reports - Announcements and circulars	- Financial performance - Information transparency - Operating risks management - Corporate sustainability
Government and Regulatory Authorities	- Regulatory documents - Written or electronic correspondences	- Compliance with laws and regulations - Fulfil tax obligations
Suppliers	- Supplier performance assessment - Meeting with suppliers' representatives	Fair and open selection
Community	ESG reports	- Awareness on environmental protection - Compliant operations

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. In the long run, the stakeholders' contribution will aid the Group in identifying and improving potentially overlooked ESG performances and maintaining the success of the Group's business in the challenging market.

MATERIALITY ASSESSMENT

The Board and management who are responsible for key functions of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identified key ESG issues and assessed its importance to its businesses and stakeholders.

The Group compiled a questionnaire according to the material ESG aspects identified and approached various stakeholders to complete the said questionnaire in order to fully reflect different stakeholders' opinions. The outcome of the materiality assessment is presented in the form of a materiality matrix, as shown below:



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

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by sending comments or suggestions to Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

A. ENVIRONMENTAL

A1. Emissions

Emissions Control

Environmental protection is one of the core values of the Group. The Group strives to minimise negative impacts on the environment and to seek environmentally friendly methods of operation. The Group's products are designed to be safe and environmentally friendly for customer use, meaning recyclable and safe-to-dispose materials are specified in its designs, and clean production processes are adopted in its manufacturing process.

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

The design procedure and assemble process are the major functions of the Group's operations. Therefore, the key environmental impacts from the Group's operations are energy consumption. To achieve environmental protection, the Group encourages employees to reduce the use of paper through promoting paperless office, and to switch-off all computers and office equipment such as lighting and air-conditioner at the end of each working day.

The Group's factories ensure its products are produced efficiently in an energy-wise manner. The factories have also integrated environmental objectives into the business decisions in a cost-effective manner. In addition, the Group has required all staff to assume environmental responsibilities in normal operating procedures and has enhanced the awareness of environmental and resource efficiency issues amongst customers, staff and stakeholders. All important green and quality assurance policies have been posted on the notice board and stated in the standard operating procedures of the Group's manufacturing plants.

Air Emissions

Exhaust gas emissions generated from business operations of the Group mainly include nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM), the major source of which is vehicle exhaust gas.

The following table summarises the exhaust gas emissions of the Group in the Year and the year ended 31 March 2020 ("2020"):

Type of air emissions	Unit	2021	2020
NO _x	kg	8.88	5.84
SO _x	kg	0.11	0.15
PM	kg	0.78	0.43

The Group has adopted the following measures to reduce exhaust gas emissions generated from emission of vehicles:

- Switch off the engine whenever the vehicle is idling;
- Use unleaded fuel and low sulphur content fuel in accordance to laws and regulations;
- Phase out substandard vehicles in accordance to national emission policies and standards;
- Plan routes in advance to optimise fuel consumption;
- Provide maintenance services to vehicles on a regular basis to ensure engine performance and efficient use of fuels; and
- Optimise operational procedures to increase the loading rate and reduce the idling rate of vehicles.

Even the level of relevant gas emissions generated by the Group's production is not material, the Group has implemented the following measures to further reduce industrial exhaust gas emissions:

- Enhance facilities management and maintain treatment facilities on a regular basis to keep the facilities in normal operation;
- Prioritise the adoption of clean production techniques with energy efficiency and reduce exhaust gas emissions; and
- State the quality assurance policies in the standard operating procedures of the Group's manufacturing plant machinery and equipment.

By adopting the abovementioned measures, the Group's concentration of industrial exhaust gas emissions met the emission limits as required by the National Occupational Health Standards of the PRC and the applicable law formulated by regional governments during the Year.

GHG Emissions

Scope 1 – Direct GHG Emissions

A portion of GHG emissions of the Group were generated from petrol and diesel consumption by vehicles. The Group has therefore adopted various measures to reduce its direct GHG emissions from petrol and diesel consumption by vehicles in its operations. Measures implemented by the Group can be found in “Air Emissions” under this Aspect.

Scope 2 – Energy Indirect GHG Emissions

Purchased electricity consumption accounted for the major source of GHG emissions within the Group. The Group has implemented measures to reduce electricity consumption, which will be mentioned in “Aspect A2 – Use of Resources”.

Scope 3 – Other Indirect GHG Emissions

Other indirect GHG emissions mainly covers the electricity used for processing the Group’s fresh water and sewage by government departments, of which the Group has adopted relevant measures, which will be mentioned in “Aspect A2 – Use of Resources”.

Total GHG emissions decreased by approximately 33% from approximately 165.21 tCO₂e in 2020 to approximately 110.46 tCO₂e this Year. This is due to the drop in business activities due to the COVID-19 pandemic.

Summary of GHG emissions performances:

Indicators ¹	Unit ²	2021	2020
Scope 1 – Direct GHG Emissions	tCO ₂ e	19.13	28.00
Scope 2 – Energy Indirect GHG Emissions	tCO ₂ e	90.86	137.00
Scope 3 – Other Indirect GHG Emissions	tCO ₂ e	0.46	0.21
Total GHG Emissions	tCO ₂ e	110.45	165.21
Total GHG Emissions Intensity³	tCO ₂ e/m ²	0.02	0.04

Notes:

- GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5), the latest published Baseline Emission Factors for Regional Power Grids in China, the Sustainability Report 2020 published by the CLP Power Hong Kong Limited, the HK Electric Investments Sustainability Report 2020 published by the HK Electric, Annual Report 2019/2020 published by the Water Supplies Department of Hong Kong and the Sustainability Report 2019/2020 published by the Drainage Services Department of Hong Kong.
- tCO₂e is defined as tonnes of carbon dioxide equivalent.
- As at 31 March 2021, the Group recorded a total saleable area coverage of approximately 5,400 m². As at 31 March 2020, the total saleable area coverage for the Group was approximately 3,781 m². This data is used for calculating other intensity data.

Sewage Discharges into Water and Land

The Group does not consume significant volume of water through its business activities, and therefore its business activities did not generate material portion of discharges into water. Sewage was discharged via the municipal sewage network to the regional water treatment plant.

Due to the Group's business nature, the discharges into land were insignificant. Similarly, there has not been a significant and unreasonable amount of water discharged.

Waste Management

Hazardous Waste Management

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

Non-hazardous Waste Management

The non-hazardous waste produced by the Group during its operation mainly includes production waste (e.g. fabrics), paper and employees' domestic waste. For paper consumption, the Group encourages employees to increase the use of e-statement or scanning rather than traditional photocopying to reduce the use of paper. However, during the Year, the amount of non-hazardous waste generated by the Group was insignificant due to the Group's business nature. Nonetheless, the Group will expand its data collection system to disclose figures related to non-hazardous waste in the future.

A2. Use of Resources

The Group has adopted proactive measures in reducing the energy and resources consumption and vigorously promoting the philosophy of energy-saving and emission-reducing. The Group has specifically formulated a Policy of Energy Saving, aiming to conduct research and statistical works in respect of its energy consumption in a scientific way and ensure a reasonable usage of its resources.

Energy Consumption

The Group realises the scarcity of finite natural resources and has therefore implemented policies to better govern the use of resources. As such, the Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Switch on external lighting of the retail shop only during operation hours;
- Pre-set air-conditioning temperature at 25.5°C the offices;
- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees;
- Switch off lights and electronic appliances before leaving the office; and
- Purchase equipment with higher energy efficiency on the replacement of old equipment.

Anomaly in electricity consumption will be investigated and preventive measures will be taken. Total energy consumption decreased by approximately 34% from approximately 311,983.00 kWh in 2020 to approximately 206,374.76 kWh this Year. This is due to the drop in business activities due to the COVID-19 pandemic.

Summary of energy consumption performances:

Indicators	Unit	2021	2020
Direct energy consumption	kWh	69,924.63	99,336.00
• Petrol			
• Diesel			
Indirect energy consumption	kWh	136,450.13	212,647.00
• Electricity			
Total energy consumption	kWh	206,374.76	311,983.00
Intensity	kWh/m ²	38.22	82.51

Water Consumption

The Group recognises the importance of water conservation. Apart from posting water conservation reminders around the Group's premises, the Group also regularly inspects water taps to prevent leakage and installs dual flush water cistern in toilets and water-saving thimble in sinks where possible. Through the implementation of said water-saving measures, employees' awareness of water conservation has increased. Total water consumption increased by approximately 45% from approximately 518.00 m³ in 2020 to approximately 750.44 m³ this Year. This was mainly because the Group increased the frequency of cleaning and disinfection in its operations.

Summary of water consumption performance:

Indicator	Unit	2021	2020
Total water consumption	m ³	750.44	518.00
Intensity	m ³ /m ²	0.14	0.14

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that was fit for purpose.

Use of Packaging Material

Due to the Group's business nature, the use of packaging material was not considered to be a material ESG aspect to the Group.

A3. The Environment and Natural Resources

Due to the Group's business nature, the Group does not pose significant impact on the environment and the natural resources. Nonetheless, the Group has established a series of policies, mechanisms and measures on environmental protection and natural resources conservation to enhance its efficiency in the usage of energy, water and materials. The Group also complies with relevant local environmental regulations and international general practices, with an aim to reduce the use of natural resources and protect the environment.

B. SOCIAL

B1. Employment

The Group places a significant emphasis on developing human capital, providing competitive remuneration and welfare packages. The Group has formulated the Employee Handbook in accordance with the Labour Law of the PRC and the applicable law formulated by regional governments, and has been distributed to all employees since joining the Group. The Employee Handbook sets out the Group's policies and procedures. The Group requires all new, as well as existing, employees to be accessible to the Employee Handbook as soon as is practical after he/she reports to duty.

As at 31 March 2021, the Group employed a total of 105 staff (31 March 2020: 132), including operational office, sales and marketing, and back office division.

The breakdown of employees by gender, age group and geographical region were as follows:

	2021	2020
By gender		
Male	20%	18%
Female	80%	82%
By age group		
19–60 years old	89%	99%
60 years old or above	11%	1%
By geographical region		
Hong Kong	68%	59%
Mainland China	28%	38%
Macau	4%	3%

During the Year, the overall employee turnover rate was 26%. The breakdown of turnover rate was as follows:

	Number of employees left	Percentage (%)
By gender		
Male	1	5%
Female	26	31%
By age group		
19–60 years old	25	27%
60 years old or above	2	17%
By geographical region		
Hong Kong	7	10%
Mainland China	20	67%
Macau	–	–

During the Year, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employee's Compensation Ordinance, Employment Ordinance, Minimum Wage Ordinance and Mandatory Provident Fund Schemes Ordinance of Hong Kong, the Labour Contract Law of the PRC and other relevant laws and regulations formulated by local governments.

Recruitment, Promotion and Dismissal

The Group emphasises on equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The Group is committed to creating and maintaining an inclusive and harmonious workplace culture by providing a working environment that is free from any form of discrimination including ethnicity, gender, religion, age, disability or sexual orientation. The Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Formal performance appraisals are required to be carried out annually. For staff in retail shops, Sales Director should prepare and submit the appraisals to directors. For office staff, Head of Department is responsible to prepare the appraisals. The goals of performance appraisals are as follows:

- To provide feedback on both good and poor performance;
- To identify areas for training, personal development and career advancement;
- To set short and longer-term career goals to be set; and
- To provide input to directors on who is eligible for promotion.

Unreasonable dismissal under any circumstances is strictly prohibited. Dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

Remuneration and Welfare

The Group understands that competitive benefits and welfare encourage retention and foster a sense of belonging. The Group offers attractive remuneration packages, including performance bonus, discretionary bonuses and sales commission. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. For instance, in addition to basic salaries and mandatory provident fund for the Group's Hong Kong employees and social security system covering five different types of insurance and a housing fund for the Group's PRC employees, fringe benefits include flexible leave arrangement, medical coverage scheme and annual dinner.

All employees of the Group are also entitled to sick leave, injury leave and maternity leave with medical proof in accordance with the Labour Law of PRC and the Law of the PRC on the Protection of Labour Rights and Interests and other applicable regulations formulated by local governments.

Should employees have sustained a personal injury by accident or disease arising out of and in the course of employment, the Group would also compensate them through the provision of the Employees' Compensation Ordinance of Hong Kong and the applicable laws formulated by regional governments.

In addition to the entitlement of leaves stipulated in the relevant laws and regulations formulated by local governments, the Group provides other leaves to its employees, such as, compassionate leave, compensation leave, etc. Save for the aforementioned entitlement to leaves, the employees are also entitled to benefits such as birthday red packet, discount on the Group's products purchase, group medical insurance scheme and business trip travel insurance scheme. The Group also periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards.

B2. Health and Safety

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupiers Liability Ordinance and the Occupational Safety and Health Ordinance of Hong Kong, the Production Safety Law of the PRC and the applicable occupational safety and health standards formulated by local governments. There were no work-related fatalities or lost days due to work injury during the Year.

Occupational Health and Safety Management

The Group seeks to attract and retain talented employees through providing a healthy and safe workplace for each and every employee in line with established internal guidelines and systems.

The Group provides its employee with flexible rest days arrangement, medical and hospital scheme. The Group understands that a good working environment for its employees with a safe and comfortable working condition is very important. The Group has set a clear guideline of work arrangement for typhoon and rainstorm warning. Safety Instruction has been established and distributed to all staff on the first day of work. The maintenance staff is responsible to update the safety regulation and present to all staff during the annual safety meeting.

Smoking is prohibited in factories, which are equipped with fire extinguishers which would be replaced annually. Regular fire prevention talks and fire-fighting drills are organised at least annually to improve employees' capability to deal with potential fire hazards. First aid exercises are regularly performed.

Rapid Response to COVID-19 Outbreak

Due to the COVID-19 outbreak, the Group remains highly vigilant to the potential impact of health and safety on both its employees and customers. The Group has issued memorandum to its employees at the factories and retail shops to remind them of the importance of maintaining personal hygiene and conducting additional sanitation procedures to the factories, retail shops and its products and accessories. For its employees, the Group required that their temperature be taken before entering the Group's premises, they were also required to wear a facial mask at all times. For customers visiting the retail shops, the Group has imposed measures to avoid the spreading of COVID-19, customers are required to wear a facial mask before entering the retail shops and hand sanitiser is provided to the customers.

B3. Development and Training

Provision of Training Opportunities

The Group has committed to providing on-the-job education and training to its employees in order to enhance their knowledge and skills. Performance evaluations will be conducted annually. All employees are encouraged to participate in the trainings in order to enhance their working efficiency and to be better prepared for promotion opportunities which may arise. During the Year, regular training courses were provided to the employees including but not limited to orientation training, technical training and quality training.

Performance evaluations are initiated annually. In order to recognise value in the skill and experience of the Group's employees, the Group has adopted a policy that any promotions will be considered internally first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates.

B4. Labour Standards

Prevention of Child and Forced Labour

The Group fully understands that the exploitation of child and forced labour are universally prohibited, and therefore takes the responsibility against child and forced labour very seriously.

For entry registration, all employees must present valid documents as follows: (i) identity card and vocational qualification certificate; (ii) social security card; (iii) medical or health certificate; (iv) recent photos; and (v) other relevant information and documents required by the Group. The above procedures can ensure no child labour will be employed in the Group's operation including in its factories.

As the Group recognises the importance of leading a balanced lifestyle, working overtime is not encouraged and all employees work normally 8 hours daily. However, if overtime work is required, the relevant employees and supervisor will agree mutually in written form. Overtime work is compensated in accordance with the provisions of the local employment-related regulations.

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

B5. Supply Chain Management

The Group has the greatest respect for the laws and regulations that govern its business. The Group always adheres to international best practices and conducts fair and unbiased procurement processes when dealing with suppliers.

Procurement Process

The Group adheres to the principle of transparency and implements the value of honesty, integrity and fairness in its supply chain management. The Group's procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities. In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management.

B6. Product Responsibility

Ensuring customer satisfaction in our products and services is of paramount importance for the Group, as our priority is always to ensure customer satisfaction in terms of the products and services. Strenuous efforts are made to ensure compliance with the relevant laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which the Group operates. The Group requires its employees to comply with applicable governmental and regulatory laws, rules, codes and regulations.

During the Year, the Group did not have any recalled products for safety and health reasons. A total of 3 service-related complaints on unsatisfactory customer service were received, all of which have been handled through proper procedures. During the Year, the Group was not aware of any material non-compliance with product responsibility and data privacy-related laws and regulations would have a significant impact on the Group, including but not limited to the Product Quality Law of the PRC, the Patent Law of the PRC and other applicable laws formulated by the local governments.

Product Quality Assurance

Quality management is emphasised by the Group as it directly affects the reputation of the Group. Implementing a sound quality control is therefore fundamental to ensuring the quality and safety of the goods and services provided to the customers. The Group has therefore formulated relevant procedures to ensure consistent product quality.

Customer Satisfaction

Feedbacks and complaints from the Group's customers are highly valued as it is of vital importance to the continuous development of the Group. Procedures for handling feedbacks have been set up. Should the Group receive any complaints, the Group will strive to act in a timely manner to resolve the issue with effective corrective actions. In addition, complaints of significant weight received will be discussed and reviewed by the management during regular meetings to prevent reoccurrence.

Data Privacy Protection

The Group is committed to safeguarding all sensitive information pertaining to its customers, suppliers and employees. Various measures are adopted by the Group on Data Protection. All the confidential information such as human resource data, sensitive financial data, etc., are encrypted with password. Staffs are only allowed to access, retrieve, store and/or copy computer data that are necessary and directly related to their work. The administrative department is responsible for ensuring the security of all data contained in computers and to protect data against unauthorized access or retrieval.

Intellectual Property ("IP") Rights

IP of the Group includes any trademarks, patents, designs, copyrights and trade secrets created, owned or used by the Company in its business. To avoid IP infringement, the staff of design and marketing department should check if similar property has been registered in the IP department of local and foreign governments before creating any IP.

Advertising and Labelling

In order to ensure that the labels of the products of the Group meet the actual conditions of the products, the Group has formulated relevant procedures to regulate the use of the labels of the Group's products and ensure that the content of the labels meets the relevant national requirements.

During the promotion process, the Group strictly requires the responsible personnel to abide by the relevant laws and regulations related to the use of advertisements and labels to avoid any form of false publicity.

B7. Anti-corruption

Corruption, bribery, extortion, money laundering or fraud in any form is strictly prohibited. The Group's anti-corruption policies set out standards of conduct to which all employees are required to adhere in order to promote an environment of integrity in the workplace.

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

Various policies have also been formulated to accord with the Securities and Futures Commission's Guideline on Anti-Money Laundering and Counter-Terrorist Financing, including the basic procedures for customer identification and due diligence, suspicious transactions report and recordkeeping. Ongoing staff training has also been carried out to ensure all directors and staff are fully aware of these policies.

During the Year, there was no legal case concerning corruption brought against the Group or employees. During the Year, the Group was not aware of any material non-compliance with anti-corruption-related laws and regulations would have a significant impact on the Group, including but not limited to the Company Law of the PRC and other applicable laws formulated by the local governments.

B8. Community Investment

The focuses of the Group's community investment are education, social welfare and environmental protection. The management believes that it can act effectively to help alleviate social problems and respond positively to charitable programmes and volunteering services. In the future, the Group will continue to fulfill its social responsibility and contribute to the society.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures, and KPIs

	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 (“ comply or explain ”)	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2 (“ comply or explain ”)	GHG emissions in total (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3 (“ comply or explain ”)	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management Not applicable – Explained
KPI A1.4 (“ comply or explain ”)	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management Not applicable – Explained
KPI A1.5 (“ comply or explain ”)	Description of reduction initiatives and results achieved.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.6 (“ comply or explain ”)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

**Subject Areas, Aspects,
General Disclosures,
and KPIs**

Description

Section/Declaration

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material Not applicable – Explained

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	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

**Subject Areas, Aspects,
General Disclosures,
and KPIs**

Description

Section/Declaration

Aspect B1: Employment

General Disclosure	Information on:	Employment
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Aspect B2: Health and Safety

General Disclosure	Information on:	Health and Safety
	(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.	
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety

**Subject Areas, Aspects,
General Disclosures,
and KPIs**

Description

Section/Declaration

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
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Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
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

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
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**Subject Areas, Aspects,
General Disclosures,
and KPIs**

Description

Section/Declaration

Aspect B6: Product Responsibility

General Disclosure	Information on:	Product Responsibility
	(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.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5 (Recommended Disclosures)	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility

**Subject Areas, Aspects,
General Disclosures,
and KPIs**

Description

Section/Declaration

Aspect B7: Anti-corruption

General Disclosure	Information on:	Anti-corruption
	(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.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Year and the outcomes of the cases.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Aspect B8: Community Investment

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

REPORT OF THE DIRECTORS

The Directors hereby present this report and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Period.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this annual report.

The Board does not recommend the payment of dividend for the year ended 31 March 2021 (2020: Nil).

DIVIDEND POLICY

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

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

- (i) the results of operations of the Group;
- (ii) the retained earnings of the Company;
- (iii) the cash flow availability and requirements of the Group;
- (iv) the financial conditions of the market and the Group;
- (v) the capital requirements and development plan of the Group; and
- (vi) any other factors that the Board may considered relevant.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Period in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

BUSINESS REVIEW

For business review of the Group for the Period, please refer to “Management Discussion and Analysis” section of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Company recognized its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with applicable laws and regulations regarding environmental protection and adopted effective environmental practices to ensure the business of the Group meet the required standards and ethics in respect of environmental protection.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest five financial years is set out on page 116 of this annual report.

SHARE CAPITAL

Details of the movements in the Company’s share capital during the Period are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2021 and up to the date of this report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Period are set out in note 32(b) to the consolidated financial statements and in the consolidated statement of changes in equity on page 61 of this annual report respectively.

DISTRIBUTABLE RESERVES

No distributable reserves was available for distribution as at 31 March 2021 (2020: Nil).

DONATIONS

During the years ended 31 March 2021 and 2020, charitable and other donations made by the Group were less than HK\$10,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the Period, the Group has no major customers due to the nature of the principal activities of the Group.

The Group's largest and five largest suppliers' aggregate amount represented approximately 10.1% (2020: approximately 40.6%) and 37.7% (2020: approximately 72.4%) of the Group's total purchases respectively.

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

DIRECTORS

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

Executive Directors

Mr. Wong Wai Kit (resigned on 14 May 2020)
Mr. Tam Chak Chi
Mr. Xu Xue (appointed on 14 May 2020)

Independent non-executive Directors

Ms. Chan Ka Ming (resigned on 14 May 2020)
Mr. Cai Chun Fai (resigned on 9 April 2021)
Mr. Ong King Keung (resigned on 11 May 2021)
Mr. Deng Guo Hong (appointed on 14 May 2020)
Ms. Yuan Xiaoxi (appointed on 9 April 2021)
Mr. Tang Yiu Kay (appointed on 18 June 2021)

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS

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

DIRECTORS’ SERVICE CONTRACTS

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

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

PERMITTED INDEMNITY PROVISIONS

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

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company.

CORPORATE GOVERNANCE

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

Details of the principal corporate governance practices of the Group are set out in the section headed "Corporate Governance Report" on pages 11 to 21 of this annual report.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 14 and 15 to the consolidated financial statements.

EMOLUMENT POLICY

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

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

As at 31 March 2021, none of the Directors nor chief executives of the Company and their respective associates had any interests and short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

So far as is known to the Directors, as at 31 March 2021, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Global Succeed Group Limited ("Global Succeed")	Beneficial owner (Notes 1 & 2)	210,000,000	43.75%
Mr. Chan Lin So Alan ("Mr. Chan")	Interest in a controlled corporation	210,000,000	43.75%
Mr. Yiu Koon Pong ("Mr. Yiu")	Interest in a controlled corporation	210,000,000	43.75%
Waichun Logistics Technology Limited ("Waichun Logistics")	Beneficial owner (Note 3)	110,000,000	22.92%
Mr. Xian Hui	Interest in a controlled corporation	110,000,000	22.92%

Notes:

1. Global Succeed is the direct shareholder of the Company. According to the information available to the Company, Global Succeed is beneficially owned as to 50% by Mr. Chan and 50% by Mr. Yiu. By virtue of the SFO, each of Mr. Chan and Mr. Yiu was deemed to be interested in the 360,000,000 shares of the Company held by Global Succeed as at 31 March 2020.

2. During the Period, Global Succeed disposed some of its shares of the Company on 21 April 2020, 28 January 2021 and 10 February 2021 respectively (the “**Disposals**”). After the Disposals, Global Succeed holds 210,000,000 shares of the Company as at 31 March 2021. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in the 210,000,000 shares of the Company held by Global Succeed. After the Disposals, Mr. Chan, Mr. Yiu and Global Succeed remains the controlling shareholders of the Company. Mr. Chan ceased to be a consultant of the Company since 1 April 2021.

Subsequent to the Period, 48,000,000 placing shares have been allotted and issued to not less than six placees pursuant to the general mandate of the Company on 30 April 2021 (the “**Placing**”). As a result, the shareholding interests in the Company held by Global Succeed was diluted from 43.75% to approximately 39.77%. After the Placing, Mr. Chan, Mr. Yiu and Global Succeed still remain the Controlling Shareholders of the Company.

3. Global Succeed disposed of 110,000,000 shares of the Company to Waichun Logistics on 21 April 2020. Details of the disposal were stated in the announcement of the Company dated 27 April 2020. Waichun Logistics thereafter has become a direct shareholder of the Company. According to the information available to the Company, Waichun Logistics is beneficially owned by Mr. Xian Hui.

Subsequent to the Placing, the shareholding interests in the Company held by Waichun Logistics was diluted from approximately 22.92% to approximately 20.83%.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreements were entered into by our Group, or existed during the year ended 31 March 2021.

SHARE OPTION SCHEME

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

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

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

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

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

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

The Share Option Scheme will remain in force for a period of ten years commencing on 19 June 2017, the adoption date and ending on the tenth anniversary of the adoption date (both dates inclusive) or unless terminated earlier by the Shareholders in general meeting.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 36 to the consolidated financial statements, neither Director nor a connected entity of a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed under the sections "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and "Share Option Scheme" above, at no time during the year ended 31 March 2021 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2021.

DEED OF NON-COMPETITION

On 19 June 2017, Global Succeed Group Limited, Mr. Yiu Koon Pong and Mr. Chan Lin So Alan (the "**Controlling Shareholders**") entered into the deed of non-competition in favour of the Company (for itself and each of the subsidiaries of the Company). Pursuant to which each of the Controlling Shareholders, irrevocably and unconditionally, jointly and severally, undertakes to and covenants to the Company (for itself and as trustee for other members of the Group), among others, that with effect from the Listing Date and for as long as the shares of the Company remain listed on the Stock Exchange and the Controlling Shareholders, individually or collectively with their close associates, are, directly or indirectly, interested in not less than 30% of the Shares in issue, or are otherwise regarded as controlling shareholders under the GEM Listing Rules, each of the Controlling Shareholders shall not, and shall procure each of his/its close associates (other than the Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly (other than through the Group), whether as a shareholder, director, employee, partner, agent, or otherwise (other than being a director of shareholder of the Group or members of the Group), carry on or be engaged in, directly or indirectly, a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest (save for the holding in aggregate by the Controlling Shareholders and their close associates of not more than 5% shareholding interest in any company listed on the Stock Exchange or any other stock exchange) or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or may in any aspect compete directly or indirectly with the business or which is similar to the business currently and may from time to time engaged by the Group. Please refer to the section "Relationship with Controlling Shareholders – Deed of Non-competition" in the Prospectus.

To the best knowledge of and information available to the Directors, each of the Controlling Shareholders has complied with the aforesaid undertaking during the year ended 31 March 2021. The independent non-executive Directors, based on the information available to them, considered the aforesaid undertakings have been complied with.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Period are set out in note 36 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

Save as disclosed in note 36 to the consolidated financial statements, the Group has not entered into other connected transaction or continuing connected transaction during the Period which should be disclosed pursuant to the requirements under the GEM Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any part of the business of the Company were entered into or existed during the year ended 31 March 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 40 to the consolidated financial statements, no other significant event after the reporting period of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float throughout the year ended 31 March 2021 as required under the GEM Listing Rules.

AUDITOR

World Link CPA Limited has resigned as auditor of the Company with effect from 30 March 2020. McMillan Woods (Hong Kong) CPA Limited has been appointed as the new auditor of the Company with effect from 31 March 2020.

The consolidated financial statements for the year ended 31 March 2021 have been audited by McMillan Woods (Hong Kong) CPA Limited who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Tam Chak Chi

Executive Director

Hong Kong, 25 June 2021

INDEPENDENT AUDITOR'S REPORT



To the shareholders of

My Heart Bodibra Group Limited

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of My Heart Bodibra Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 58 to 115, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSS**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which indicates that, as at 31 March 2021, the Group had net current liabilities and net liabilities of approximately HK\$55,103,000 and HK\$28,677,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcomes of the Group as set forth in note 2 to the consolidated financial statements to obtain source of funding in the immediate and longer term, at a level sufficient to finance the working capital requirements of the Group. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are (i) valuation and allowance of inventories and (ii) impairment of investments in associates.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation and allowance of inventories

Refer to significant accounting policies in note 4(g), key source of estimation uncertainties in note 5(c) and its relevant disclosures in note 22 to the consolidated financial statements.

The Group had inventories with carrying amount of approximately HK\$23,908,000 as at 31 March 2021. The carrying amount of inventories contributed a significant part of the Group's total current assets as at 31 March 2021.

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

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

Our procedures in relation to this matter included:

- Evaluating the Group's internal control policy over allowance for inventories with reference to the requirements of the prevailing accounting standards;
- Identifying and assessing slow-moving and obsolete inventories when attending physical inventory count;
- Comparing inventory balances on a sample basis with respective balances in prior years to identify inventories which are relatively slow moving;
- Evaluating and assessing whether management had identified obsolete or slow-moving inventories appropriately and checked against respective sales volume and prices, if any, subsequent to the reporting date on sample basis for their consumption and valuation to assess whether those obsolete or slow-moving inventories identified had been accounted for in the inventory provision calculation;
- Enquiring the management about any expected changes in plans for production and forecast sales trends and compared their representations with actual sales and inventory movements subsequent to the reporting date; and
- Challenging the appropriateness and reasonableness of the management's assumption.

KEY AUDIT MATTERS *(continued)***Key Audit Matter****How our audit addressed the Key Audit Matter****Impairment of investments in associates**

Refer to significant accounting policies in note 4(c), key source of estimation uncertainties in note 5(b) and its relevant disclosures in note 20 to the consolidated financial statements.

The Group had investments in associates with carrying amount of approximately HK\$13,260,000 as at 31 March 2021. The carrying amount of investments in associates contributed a significant part of the Group's total current assets as at 31 March 2021.

For the purpose of assessing impairment, the recoverable amount of the investments in associates was determined by the valuation performed by an independent professional valuer engaged by management based on fair value less costs of disposal by market approach.

We had identified the impairment of investments in associates as key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of investments in associates is a judgmental process which requires estimates concerning the methods and assumptions to be applied in determining its valuation based on fair value less costs of disposal. The adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to valuation model may result in significant financial impact.

Our procedures in relation to this matter included:

- Understanding with management about the technological, market, legal environment and economic performance of associates to assess management's identification of impairment indicators;
- Assessing the reasonableness of key assumptions used in the valuation under fair value less costs of disposal calculation;
- Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach, the accuracy of the calculations in the valuation model and the market data used on a sample basis;
- Communicating with independent professional valuer on the methodology and assumptions used in the valuation and assessing the competence, independence and integrity by considering the professional qualification of professional valuer; and
- Assessing the adequacy of disclosures in connection with the interests in associates.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hui Chi Kong

Audit Engagement Director

Practising Certificate Number – P07348

3/F., Winbase Centre
208 Queen's Road Central
Hong Kong

Hong Kong, 25 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	8	53,431	62,529
Cost of sales		(11,234)	(23,157)
Gross profit		42,197	39,372
Other income	9	5,749	1,568
Other gains and losses	10	6,618	(16,304)
Selling expenses		(19,374)	(24,753)
Administrative and other operating expenses		(17,699)	(29,434)
Impairment losses of other receivables		(290)	(593)
Impairment losses of amount due from an associate		(7,153)	(107)
Profit/(loss) from operations		10,048	(30,251)
Finance costs	11	(863)	(1,107)
Share of (loss)/profit of an associate		(1,707)	896
Impairment losses of investments in associates		(3,053)	(16,377)
Profit/(loss) before tax		4,425	(46,839)
Income tax expense	12	(724)	–
Profit/(loss) for the year attributable to the owners of the Company	13	3,701	(46,839)
Other comprehensive income for the year, net of tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(92)	243
Total comprehensive income for the year attributable to the owners of the Company		3,609	(46,596)
Earnings/(loss) per share			
Basic (HK cents)	17(a)	0.77	(9.76)
Diluted (HK cents)	17(b)	0.77	(9.76)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment	18	3,294	5,207
Right-of-use assets	19	9,361	10,077
Investments in associates	20(a)	13,260	18,020
Goodwill	21	440	440
Other receivables	23	3,975	4,642
		30,330	38,386
Current assets			
Inventories	22	23,908	25,918
Trade and other receivables	23	3,613	4,664
Amount due from a shareholder	24	173	153
Amount due from an associate	20(b)	–	7,153
Pledged bank deposits	25	–	835
Cash and bank balances	25	3,700	3,269
		31,394	41,992
Current liabilities			
Trade and other payables	26	4,533	4,391
Contract liabilities	27	74,027	86,966
Lease liabilities	28	7,121	12,812
Current tax liabilities		816	131
		86,497	104,300
Net current liabilities		(55,103)	(62,308)
Total assets less current liabilities		(24,773)	(23,922)
Non-current liabilities			
Lease liabilities	28	3,904	8,364
Net liabilities		(28,677)	(32,286)

Consolidated Statement of Financial Position (continued)

At 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Equity			
Share capital	30	4,800	4,800
Reserves	31	(33,477)	(37,086)
Capital deficiency		(28,677)	(32,286)

Approved and authorised for issue by the Board of Directors on 25 June 2021.

Xu Xue
Director

Tam Chak Chi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital HK\$'000	Share premium account HK\$'000 (note 31 (a))	Capital reserve HK\$'000 (note 31 (b))	Foreign currency translation reserve HK\$'000 (note 31 (c))	Statutory reserve HK\$'000 (note 31 (d))	Accumulated losses HK\$'000	Total equity/ (capital deficiency) HK\$'000
As at 1 April 2019	4,800	34,250	(34)	38	525	(25,269)	14,310
Loss and total comprehensive income for the year	–	–	–	243	–	(46,839)	(46,596)
At 31 March 2020 and 1 April 2020	4,800	34,250	(34)	281	525	(72,108)	(32,286)
Profit and total comprehensive income for the year	–	–	–	(92)	–	3,701	3,609
Appropriations	–	–	–	–	36	(36)	–
Changes in equity for the year	–	–	–	(92)	36	3,665	3,609
At 31 March 2021	4,800	34,250	(34)	189	561	(68,443)	(28,677)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Profit/(loss) before tax		4,425	(46,839)
Adjustments for:			
Allowance for inventories		8	1,395
COVID-19 Related rent concessions received		(1,416)	–
Depreciation of property, plant and equipment		2,852	4,345
Depreciation of right-of-use assets		10,354	8,608
Finance costs		863	1,107
Impairment losses of amount due from an associate		7,153	107
Impairment losses of investments in associates		3,053	16,377
Impairment losses of other receivables		290	593
(Reversals of impairment)/impairment losses of property, plant and equipment		(1,260)	1,260
(Reversals of impairment)/impairment losses of right-of-use assets		(6,140)	11,537
Interest income		(206)	(5)
Net loss on disposals of property, plant and equipment		–	991
Share of loss/(profit) of an associate		1,707	(896)
Write off of property, plant and equipment		754	–
Operating profit/(loss) before working capital changes		22,437	(1,420)
Decrease in inventories		2,045	8,353
Decrease in trade and other receivables		1,649	5,592
Increase in amount due from a shareholder		(19)	(8)
Decrease in trade and other payables		(49)	(1,548)
Decrease in contract liabilities		(12,945)	(8,263)
Decrease in amount due to a director		–	(26)
Cash generated from operations		13,118	2,680
Macao Complementary Tax paid		(40)	–
Interest on lease liabilities		(818)	(1,107)
Net cash generated from operating activities		12,260	1,573
Cash flow from investing activities			
Purchases of items of property, plant and equipment		(397)	(2,936)
Proceeds from disposals of property, plant equipment		–	3,583
Decrease in pledged bank deposits		835	–
Interest received		7	5
Net cash generated from investing activities		445	652

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Cash flow from financing activities			
Principal elements of lease payments		(12,336)	(11,785)
Net cash used in financing activities		(12,336)	(11,785)
Net increase/(decrease) in cash and cash equivalents		369	(9,560)
Effect of foreign exchange rate changes		62	595
Cash and cash equivalents at beginning of year		3,269	12,234
Cash and cash equivalents at end of year		3,700	3,269
Analysis of cash and cash equivalents			
Cash and bank balances	25	3,700	3,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. CORPORATE INFORMATION

My Heart Bodibra Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 May 2016. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is located at 1F., Lok Kui Industrial Building, 6–8 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 July 2017 (the “**Listing**”).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

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

Going concern assumption

As at 31 March 2021, the Group had net current liabilities and net liabilities of approximately HK\$55,103,000 and HK\$28,677,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group. The validity of the Group to operate as a going concern is dependent upon the successful outcomes of the Group to (i) attain profitable and positive cash flows from operations; and (ii) obtain external source of funding, at a level sufficient to finance the working capital requirements of the Group for the next twelve months. Having considered the above scenarios, the directors considered that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements. In order to strengthen the Group’s capital base and liquidity in the foreseeable future, the Group has taken the following measures:

- the directors of the Company have been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the Group’s revenue; and
- placing of new shares under general mandate in order to finance the Group’s operation and business development. Details of which is set out in note 40 to the consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

Going concern assumption *(continued)*

Based on the cash flow projections of the Group after taken into account the available financial resources of the Group with the above measures, the directors have concluded that the Group is able to continue as a going concern and to meet their financial liabilities as and when they fall due for the next twelve months. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 9 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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 these consolidated financial statements.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19 Related Rent Concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 19). There is no impact on the opening balance of equity at 1 April 2020.

3. ADOPTION OF NEW AND REVISED HKFRSS *(continued)*

(b) New and revised HKFRSSs in issue but not yet effective

Other than the amendments to HKFRS16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS Standards	Annual Improvements to HKFRSS 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

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

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

(a) Consolidation

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

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

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

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

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combination and goodwill

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation

(i) **Functional and presentation currency**

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

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

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

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

(iii) **Translation on consolidation**

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

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

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

(f) Leases

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

The Group as lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leases *(continued)*

The Group as lessee *(continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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

Right-of-use assets 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.

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.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Inventories

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

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

(h) Contract liabilities

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(i) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Recognition and derecognition of financial instruments *(continued)*

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

(j) Financial assets

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

(k) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for expected credit losses ("ECL").

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(m) Financial liabilities and equity instruments

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

(n) Trade and other payables

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Equity instruments

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

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of goods is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. Under the Group's standard contract terms, customers have a right of return within 7 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

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

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

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

(q) Employee benefits

(i) **Employee leave entitlements**

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Employee benefits *(continued)*

(ii) Pension obligations

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

(iii) Termination benefits

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

(r) Government grants

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

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

(s) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Taxation *(continued)*

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) Related parties

For the purposes of these consolidated financial statements, a related party is a person or entity that is related to the Group.

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Related parties *(continued)*

(B) An entity is related to the Group if any of the following conditions applies:

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

(u) Impairment of non-financial asset

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

Significant increase in credit risk

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Significant increase in credit risk *(continued)*

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Definition of default

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

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Measurement and recognition of ECL

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

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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

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

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(x) Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

(a) Going concern basis

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

(b) Significant increase in credit risk

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

Key sources of estimation uncertainty

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

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

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

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2021 were approximately HK\$3,294,000 (2020: HK\$5,207,000) and HK\$9,361,000 (2020: HK\$10,077,000) respectively.

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

Key sources of estimation uncertainty *(continued)*

(b) Investments in associates

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investments associates exceeds their recoverable amount. The recoverable amount is determined with reference to the fair value less costs of disposal. Calculation of fair value by market approach requires valuation technique which used price and other relevant information generated by market transactions involving identical and comparable group of assets and liabilities or business, a suitable discount rate and marketability discount rate. Where the fair value less costs of disposal are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of fair value less costs of disposal, a material impairment loss may arise.

Impairment losses of investments in associates of approximately HK\$3,053,000 (2020: HK\$16,377,000) was made for the year ended 31 March 2021.

(c) Allowance for slow-moving inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories or that the inventories have no further use. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Allowance for slow-moving inventories of approximately HK\$8,000 (2020: HK\$1,395,000) was made for the year ended 31 March 2021.

(d) Recognition of contract liabilities

Receipts in advance from credit package, member voucher and beauty package are recognised as contract liabilities in the consolidated statement of financial position. Subsequently, the amounts will be recognised as revenue when the customers make the purchase using the credits purchased. The credit package is a programme offered to the Group's customers and having a valid period of two years from the date of purchase. Under the programme, the customers enjoy a pre-determined discount rate on the marked price of the Group's products in future purchases using the credits purchased and the pre-determined discount rate varies depending on the initial lump-sum amount paid to subscribe for the credit package. The Group, subject to internal approval, may extend the valid period and allow the customers to continue to use the credit package to purchase goods after the expiry dates up to the fourth anniversary of the date of original purchase.

Therefore, the directors of the Company are required to exercise judgement in the application of revenue recognition policies. In such assessment, the directors of the Company consider the general practice and grace period normally adopted by the Group as well as historical customer behaviour and usage pattern of the credit package.

The revenue recognised that was included in contract liabilities were approximately HK\$46,508,000 (2020: HK\$52,360,000) for the year ended 31 March 2021.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

(b) Credit risk

The carrying amounts of trade and other receivables, amounts due from a shareholder and an associate, pledged bank deposits and bank balances included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

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

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

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

6. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

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

Internal credit rating	ECL rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
31 March 2021				
Performing	0%	17	–	17
Underperforming	62%	1,038	(645)	393
Non-performing	100%	238	(238)	–
		1,293	(883)	410
31 March 2020				
Performing	0%	10	–	10
Underperforming	1%–59%	1,241	(593)	648
		1,251	(593)	658

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

	2021 HK\$'000	2020 HK\$'000
At 1 April	593	–
Impairment losses recognised for the year	290	593
At 31 March	883	593

The credit risk on pledged bank deposits and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Interest rate risk

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

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

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

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

(d) Liquidity risk

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

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

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

	Less than 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	2 to 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2021				
Trade and other payables	4,533	—	—	4,533
Lease liabilities	7,610	3,165	929	11,704
31 March 2020				
Trade and other payables	4,391	—	—	4,391
Lease liabilities	13,611	6,260	2,464	22,335

6. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Categories of financial instruments at 31 March

	2021 HK\$'000	2020 HK\$'000
Financial assets:		
Financial assets at amortised cost	8,663	17,300
Financial liabilities:		
Financial liabilities at amortised cost	4,533	4,391

(f) Fair values

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

7. OPERATING SEGMENT INFORMATION

As the Group's activities (other than design, manufacture and sales of lingerie products) do not meet the quantitative thresholds of operating segment. Accordingly, the directors of the Company have determined that the Group has only one operating and reportable segment, being the manufacture and sales of lingerie products through its retail stores.

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by nature of revenue and geographical location of customers.

Since this is the only one operating segment of the Group, no segment information is presented other than entity-wide disclosures.

7. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

The Group's revenue from external customers by location of operations and information about the its non-current assets (excluding investments in associates, goodwill and other receivables) by location of assets are as follows:

	Revenue		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	47,830	55,080	11,331	12,738
Macau	5,593	7,211	1,006	2,024
The PRC, (other than Hong Kong and Macau)	8	238	318	522
	53,431	62,529	12,655	15,284

Information about major customers

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the year ended 31 March 2021 (2020: Nil).

8. REVENUE

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

	2021 HK\$'000	2020 HK\$'000
Products and services transferred at a point in time within the scope of HKFRS 15:		
Sales of lingerie products and other complementary and ancillary products	52,166	60,903
Trading of garments	–	40
Provision of beauty services	1,265	1,586
	53,431	62,529

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

9. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Bank interest income	7	5
COVID-19 rent concessions received	1,416	—
Interest income on rental deposits	199	—
Government grants (note)	3,941	—
Others	186	1,563
	5,749	1,568

Note: Government grants represent subsidies from government under the Employment Support Scheme, Retail Sector Subsidy Scheme and Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms. At the end of the reporting period, there is no unfulfilled conditions nor other contingencies attached to the government grants remain unsatisfied.

10. OTHER GAINS AND LOSSES

	2021 HK\$'000	2020 HK\$'000
Allowance for inventories	(8)	(1,395)
Net loss on disposals of property, plant and equipment	—	(991)
Net foreign exchange losses	(20)	(1,121)
Reversals of impairment/(impairment) losses of property, plant and equipment	1,260	(1,260)
Reversals of impairment/(impairment) losses of right-of-use assets	6,140	(11,537)
Write off of property, plant and equipment	(754)	—
	6,618	(16,304)

11. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expenses on lease liabilities	818	1,107
Other interest expenses	45	—
	863	1,107

12. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax – Provision for the year		
– Hong Kong Profits Tax	500	–
– Macao Complementary Tax	224	–
	724	–

For the year ended 31 March 2021, under the two-tiered Profits Tax regime, the first HK\$2 million of profits of a Group's qualifying subsidiary established in Hong Kong will be taxed at 8.25% (2020: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. The profits of the Group's entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2020: 16.5%). No provision for Hong Kong Profits Tax was made for the year ended 31 March 2020 since the Group has no assessable profit for the year ended 31 March 2020.

For the Group's subsidiary established and operated in Macau is subject to Macao Complementary Tax, under which taxable income up to MOP600,000 is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% for the years ended 31 March 2021 and 2020.

For the Group's subsidiaries established and operated in the PRC are subject to PRC EIT at the rate of 25% (2020: 25%). No provision for EIT is made since the Group has no assessable profit for the year ended 31 March 2021 (2020: Nil).

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

	2021 HK\$'000	2020 HK\$'000
Profit/(loss) before tax	4,425	(46,839)
Tax at the Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	730	(7,728)
Tax effect of income that is not taxable	(652)	(10)
Tax effect of expenses that are not deductible	2,546	3,798
Tax effect of share of results of an associate	282	(148)
Tax effect of tax losses not recognised	83	2,335
Tax effect of temporary differences not recognised	(525)	1,789
Tax effect of utilisation of tax losses not previously recognised	(1,416)	–
Tax benefits	(77)	(50)
Effect of different tax rates of subsidiaries	(247)	14
Income tax expense	724	–

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Financial Statements (continued)

For the year ended 31 March 2021

13. PROFIT/(LOSS) FOR THE YEAR

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

	2021 HK\$'000	2020 HK\$'000
Allowance for inventories	8	1,395
Auditor's remuneration	600	600
Cost of inventories recognised as an expense	11,234	23,157
Depreciation of property, plant and equipment	2,852	4,345
Depreciation of right-of-use assets	10,354	8,608
Impairment losses of amount due from an associate	7,153	107
Impairment losses of investments in associates	3,053	16,377
Impairment losses of other receivables	290	593
(Reversals of impairment)/impairment losses of property, plant and equipment	(1,260)	1,260
(Reversals of impairment)/impairment losses of right-of-use assets	(6,140)	11,537
Net foreign exchange losses	20	1,121
Net loss on disposals of property, plant and equipment	–	991
Write off of property, plant and equipment	754	–
Staff cost (including directors' emoluments)		
– Salaries, bonuses and allowances	18,860	26,386
– Retirement benefit scheme contributions	717	1,416
	19,577	27,802

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

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

	2021 HK\$'000	2020 HK\$'000
Fees	349	360
Other emoluments		
Salaries, allowances and benefits in kind	1,126	1,020
Retirement benefit scheme contributions	21	36
	1,147	1,056
	1,496	1,416

14. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

31 March 2021

Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Mr. Wong Wai Kit (note (i))	–	197	3	200
Mr. Tam Chak Chi (note (ii))	–	406	18	424
Mr. Xu Xue (note (iii))	–	523	–	523
	–	1,126	21	1,147

Independent non-executive directors

Mr. Ong King Keung (note (iv))	116	–	–	116
Mr. Cai Chun Fai (note (v))	116	–	–	116
Ms. Chan Ka Ming (note (vi))	13	–	–	13
Mr. Deng Guo Hong (note (vii))	104	–	–	104
	349	–	–	349

31 March 2020

Executive directors

Mr. Wong Wai Kit (note (i))	–	600	18	618
Mr. Tam Chak Chi (note (ii))	–	420	18	438
	–	1,020	36	1,056

Independent non-executive directors

Mr. Ong King Keung (note (iv))	120	–	–	120
Mr. Cai Chun Fai (note (v))	120	–	–	120
Ms. Chan Ka Ming (note (vi))	120	–	–	120
	360	–	–	360

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

(a) Directors' emoluments *(continued)*

Notes:

- (i) Mr. Wong Wai Kit resigned as an executive director on 14 May 2020. Salaries, allowances and benefits in kind and retirement benefit scheme contributions of approximately HK\$348,000 paid to him during the year ended 31 March 2021 after his resignation as an executive director had not been included in the above emolument analysis.
- (ii) Mr. Tam Chak Chi was appointed as the Company Secretary on 1 August 2020. Company Secretary fee of approximately HK\$120,000 paid to him during the year ended 2021 had not been included in the above emolument analysis.
- (iii) Mr. Xu Xue was appointed as an executive director on 14 May 2020.
- (iv) Mr. Ong King Keung resigned as an independent non-executive director on 11 May 2021.
- (v) Mr. Cai Chun Fai resigned as an independent non-executive director on 9 April 2021.
- (vi) Ms. Chan Ka Ming resigned as an independent non-executive director on 14 May 2020.
- (vii) Mr. Deng Guo Hong was appointed as an independent non-executive director on 14 May 2020.

There was no arrangement under which a director waived or agreed to waive any emolument during the year (2020: Nil).

During the year, no emolument has been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2020: Nil).

There was no discretionary bonus paid or payable to any of the directors during the year (2020: Nil).

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

Save for disclosed in note 36 to the consolidated financial statements, no other significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group during the year included one director (2020: one director) whose emoluments are reflected in the analysis presented in note 14 to the consolidated financial statements. The emoluments of the remaining four (2020: four) individuals are set out below:

	2021 HK\$'000	2020 HK\$'000
Salaries, allowances and benefits in kind	1,576	1,923
Discretionary bonus	228	279
Retirement benefit scheme contributions	67	68
	1,871	2,270

During the year, no emolument has been paid to any highest paid employee as an inducement to join or upon joining the Group, or as compensation for loss of office (2020: Nil).

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

	2021	2020
Nil to HK\$1,000,000	4	4

16. DIVIDEND

No dividend had been paid or declared by the Company during the year (2020: Nil).

17. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the following:

	2021 HK\$'000	2020 HK\$'000
Profit/(loss)		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	3,701	(46,839)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	480,000,000	480,000,000

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 March 2021 and 2020.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Vessels HK\$'000	Total HK\$'000
Cost						
At 1 April 2019	9,475	4,276	523	5,260	5,000	24,534
Additions	2,738	182	16	–	–	2,936
Disposals	(2,406)	(587)	(41)	(2,210)	(5,000)	(10,244)
Exchange differences	(44)	(54)	(20)	(10)	–	(128)
At 31 March 2020 and 1 April 2020	9,763	3,817	478	3,040	–	17,098
Additions	360	31	6	–	–	397
Write off	(3,962)	(658)	(246)	(135)	–	(5,001)
Exchange differences	33	31	17	6	–	87
At 31 March 2021	6,194	3,221	255	2,911	–	12,581
Accumulated depreciation and impairment						
At 1 April 2019	5,144	1,826	313	2,258	2,500	12,041
Charge for the year	2,449	702	68	848	278	4,345
Disposals	(1,410)	(587)	(19)	(877)	(2,778)	(5,671)
Impairment losses	1,260	–	–	–	–	1,260
Exchange differences	(22)	(41)	(12)	(9)	–	(84)
At 31 March 2020 and 1 April 2020	7,421	1,900	350	2,220	–	11,891
Charge for the year	1,840	636	46	330	–	2,852
Write off	(3,320)	(546)	(246)	(135)	–	(4,247)
Reversals of impairment losses	(1,260)	–	–	–	–	(1,260)
Exchange differences	10	23	12	6	–	51
At 31 March 2021	4,691	2,013	162	2,421	–	9,287
Carrying amount						
At 31 March 2021	1,503	1,208	93	490	–	3,294
At 31 March 2020	2,342	1,917	128	820	–	5,207

During the year, the Group assessed the recoverable amount of the CGU and as resulted to reversals of impairment (2020: impairment) losses of approximately HK\$1,260,000 (2020: HK\$1,260,000) recognised in the consolidated profit or loss in respect of property, plant and equipment attributable to that CGU. Details of the impairment assessment are disclosed in note 19 to the consolidated financial statements.

19. RIGHT-OF-USE ASSETS

	2021 HK\$'000	2020 HK\$'000
At 1 April	10,077	10,641
Additions	3,498	19,581
Depreciation	(10,354)	(8,608)
Reversals of impairment/(impairment) losses of right-of-use assets	6,140	(11,537)
At 31 March	9,361	10,077

The Group has carried out a review of the recoverable amount of its right-of-use assets at the end of reporting period with reference to the independent valuation performed by an independent valuer, Ravia Global Appraisal Advisory Limited ("Ravia Global"). The recoverable amount is assessed based on fair value less cost of disposal by using income approach basis under level 3 fair value measurement. The key assumptions for the income approach are those regarding the discount rates, growth rates and budgeted gross margin and turnover of the CGU. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operates. Budgeted gross margin and turnover of the CGU are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 4% (2020: 4%). This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the forecast cash flows is 12.6% (2020: 12.53%).

During the year ended 31 March 2020, the business of the Group was significantly affected by the epidemic of Novel Coronavirus Pneumonia (the "COVID-19 Pandemic").

During the year ended 31 March 2021, the Group put in much effort to (1) enhance the operational efficiency and strengthen the cost control measures; (2) cease the operation of a non-profit-making retail outlet; (3) reduce the production capacity and enhance the inventory management; and (4) actively negotiate with business partners including suppliers and landlords on mitigating measures. As a result, the Group recorded a profit attributable to owners of the Company for the year ended 31 March 2021.

Accordingly, during the year ended 31 March 2021, reversal of impairment (2020: impairment) losses of approximately HK\$6,140,000 (2020: HK\$11,537,000) was recognised in the consolidated profit or loss as the recoverable amount of the right-of-use assets is higher (2020: lower) than its carrying amount as at 31 March 2021.

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

Lease liabilities of approximately HK\$11,025,000 (2020: HK\$21,176,000) are recognised with related right-of-use assets of approximately HK\$9,361,000 (2020: HK\$10,077,000) as at 31 March 2021.

	2021 HK\$'000	2020 HK\$'000
Depreciation expenses on right-of-use assets	10,354	8,608
(Reversals of impairment)/impairment losses of right-of-use assets	(6,140)	11,537
COVID-19 rent concessions received	(1,416)	–
Interest expense on lease liabilities (included in finance costs)	818	1,107
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative and other operating expenses)	646	5,619
Expenses relating to variable lease payment not included in the measurement of lease liabilities (included in selling expenses)	35	170

As disclosed in note 3, the Group has early adopted the Amendments to HKFRS 16: COVID-19 Related Rent Concessions, and applied the practical expedient introduced by the Amendments to all eligible rent concessions received by the Group during the period. Further details are disclosed below.

For both years, the Group leases various offices, warehouses, and retail stores for its operations. Lease contracts are entered into for fixed term of 1 to 5 years (2020: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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

	2021 HK\$'000	2020 HK\$'000
Retails stores		
Fixed payments	12,648	5,019
Variable payments	35	170
COVID-19 rent concessions received	(1,416)	–
	11,267	5,189

20. INTERESTS IN ASSOCIATES

(a) Investments in associates

	2021 HK\$'000	2020 HK\$'000
Unlisted shares, at cost		
Share of net assets	5,531	7,238
Goodwill	27,159	27,159
	32,690	34,397
Less: impairment losses of investments in associates	(19,430)	(16,377)
	13,260	18,020

Details of the Group's associates at 31 March 2021 are as follows:

Name	Place of incorporation	Issued and paid up capital	Percentage of ownership interest	Principal activities
Ocean Trader Limited ("Ocean Trader") (note (i))	Hong Kong	HK\$100	25%	Inactive
Honour Achieve International Investment Limited ("Honour Achieve") (note (ii))	BVI	US\$10,000	34%	Provision of medical aesthetic service

Notes:

- (i) Ocean Trader was incorporated in Hong Kong on 28 July 2017, with issued share capital of HK\$100.

The Group has not recognised profit for the year amounting to approximately HK\$223,000 (2020: HK\$52,000) for Ocean Trader. The accumulated losses not recognised were approximately HK\$1,500,000 (2020: HK\$1,711,000). Therefore, the Group did not share its results during the year ended 31 March 2021.

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

The Group has carried out a review of the recoverable amount of its investments in associates at the end of reporting period with reference to the independent valuation performed by an independent valuer, Ravia Global. The recoverable amount is assessed based on fair value less cost of disposal by using market approach basis under level 3 fair value measurement. The key assumptions are the Price-to-Earnings Ratio, Control Premium and discount of lack of marketability.

The Price-to-Earnings Ratio use in the valuation is 14.03 (2020: 8.25). The control premium and discount of lack of marketability are 20% and 16% (2020: 20% and 16%) respectively.

During the years ended 31 March 2020 and 2021, the business of Honour Achieve was significantly affected by epidemic of COVID-19 Pandemic.

Accordingly, impairment losses of approximately HK\$3,053,000 (2020: HK\$16,377,000) is recognised for the year ended 31 March 2021 as the recoverable amount of the investments in associates is lower than its carrying amount as at 31 March 2021.

20. INTERESTS IN ASSOCIATES *(continued)*

(a) Investments in associates *(continued)*

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

	2021	2020
Name	Honour Achieve	
Principal place of business/country of incorporation	Hong Kong/BVI	
Principal activities	Provision of medical aesthetic service	
% of ownership interests/voting rights held by the Group	34%/34%	34%/34%
	HK\$'000	HK\$'000
At 31 March:		
Non-current assets	1,148	1,867
Current assets	48,307	45,492
Current liabilities	(33,188)	(26,288)
Net assets	16,267	21,071
Group's share of net assets	5,531	7,238
Goodwill	7,729	10,782
Group's share of carrying amount of interests	13,260	18,020
Year ended 31 March:		
Revenue	14,126	25,443
(Loss)/profit and total comprehensive income for the year	(4,849)	2,419

(b) Amount due from an associate

The balance represents amount due from an associate, Ocean Trader, is unsecured, interest-free and repayable on demand. It was classified as amount due from an associate in the consolidated statement of financial position.

As at 31 March 2021, management determined the amount due from an associate to be credit impaired as Ocean Trader experienced significant financial difficulties. The amount due from an associate was fully impaired.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

21. GOODWILL

Cost and carrying amount

Arising on acquisition of a subsidiary

2021 HK\$'000	2020 HK\$'000
440	440

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to Dynasty Investment (HK) Limited, a subsidiary of the Company, which is preparing to engage in money lending business and considered to be one individual CGU.

The Group has carried out a review of the recoverable amount of the CGU as at 31 March 2021 with reference to the valuation performed by an independent valuer, Ravia Global. The recoverable amount is assessed based on fair value less costs of disposal by using direct sales comparison method, under market approach, basis under level 3 fair value measurement.

The key assumption of this direct sales comparison method are refer to several comparable transactions which were consistent with external sources of information.

There were no changes in the valuation techniques for the years ended 31 March 2021 and 2020.

No impairment loss is recognised for the year ended 31 March 2021 (2020: Nil) as the recoverable amount of this CGU is higher than its carrying amount as at 31 March 2021.

22. INVENTORIES

Raw materials
Work-in-progress
Finished goods

2021 HK\$'000	2020 HK\$'000
3,168	3,174
223	868
23,512	26,763
26,903	30,805
(2,995)	(4,887)
23,908	25,918

Less: allowance for inventories

The Group's inventories are stated at cost less allowance for inventories.

Allowance for inventories of approximately HK\$8,000 (2020: HK\$1,395,000) was made for the year ended 31 March 2021.

23. TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	405	590
Prepayments	1,776	2,134
Rental deposits	3,975	4,642
Other deposits	1,022	1,282
Other receivables	1,293	1,251
	8,471	9,899
Allowance for other receivables	(883)	(593)
	7,588	9,306
Analysed as:		
Current assets	3,613	4,664
Non-current assets	3,975	4,642
	7,588	9,306

The Group allows a credit period of 0 to 30 days to its customers for its trade receivables.

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

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

	2021 HK\$'000	2020 HK\$'000
0 – 30 days	405	590

As of 31 March 2021, none of trade receivables were considered as past due but not impaired (2020: Nil).

24. AMOUNT DUE FROM A SHAREHOLDER

The amount due is unsecured, interest-free and repayable on demand.

25. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

The cash and bank balances of the Group are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
HK\$	2,143	2,141
RMB	103	247
MOP	1,454	881
Cash and bank balances	3,700	3,269

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

As at 31 March 2020, the Group's pledged bank deposits represented deposits pledged to a bank to secure the rental of the office of the Group.

26. TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables	270	360
Accruals and other payables	4,263	4,031
	4,533	4,391

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

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

	2021 HK\$'000	2020 HK\$'000
0 – 60 days	270	360

27. CONTRACT LIABILITIES

	Credit package <i>HK\$'000</i>	Member voucher <i>HK\$'000</i>	Beauty package <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	94,339	93	802	95,234
Receipts from sales of credit package, member voucher and beauty package	43,024	33	1,040	44,097
Revenue recognised upon sales of goods and beauty service rendered	(50,864)	(53)	(1,443)	(52,360)
Transfer	(824)	–	824	–
Exchange differences	–	(5)	–	(5)
At 31 March 2020 and 1 April 2020	85,675	68	1,223	86,966
Receipts from sales of credit package, member voucher and beauty package	32,975	–	588	33,563
Revenue recognised upon sales of goods and beauty service rendered	(45,258)	(8)	(1,242)	(46,508)
Transfer	(67)	–	67	–
Exchange differences	–	6	–	6
At 31 March 2021	73,325	66	636	74,027

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Financial Statements (continued)

For the year ended 31 March 2021

28. LEASE LIABILITIES

	Minimum lease payments		Present value if minimum lease payments	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	7,610	13,611	7,121	12,812
In the second to fifth years, inclusive	4,094	8,724	3,904	8,364
	11,704	22,335	11,025	21,176
Less: Future finance charges	(679)	(1,159)	N/A	N/A
Present value of lease obligations	11,025	21,176	11,025	21,176
Less: Amount due for settlement within 12 months (shown under current liabilities)			(7,121)	(12,812)
Amount due for settlement after 12 months			3,904	8,364

The weighted average incremental borrowing rates applied to lease liabilities range from 13% to 15% (2020: 5.5%).

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

	2021 HK\$'000	2020 HK\$'000
HK\$	10,146	19,656
RMB	879	1,520
	11,025	21,176

29. DEFERRED TAX LIABILITIES

At the end of the reporting period, the Group has unused tax losses of approximately HK\$23,869,000 (2020: HK\$32,053,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$8,196,000 (2020: HK\$8,075,000) that will expire in five years. Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK\$2,383,000 (2020: HK\$2,028,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

30. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<u>480,000,000</u>	<u>4,800</u>

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

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

30. SHARE CAPITAL *(continued)*

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

	2021 HK\$'000	2020 HK\$'000
Lease liabilities	11,025	21,176
Less: Cash and cash equivalents	(3,700)	(3,269)
Net debts	7,325	17,907
Capital deficiency	(28,677)	(32,286)
Gearing ratio	N/A	N/A

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

31. RESERVES

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

Nature and purpose of reserves

(a) Share premium

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

(b) Capital reserve

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

(c) Foreign currency translation reserve

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

(d) Statutory reserve

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

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

(a) Statement of financial position of the Company

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Property, plant and equipment	8	324
Right-of-use assets	1,946	–
Investments in subsidiaries	–	–
Rental deposits	140	670
	2,094	994
Current assets		
Other receivables	634	721
Amount due from a shareholder	44	44
Pledged bank deposits	–	835
Cash and bank balances	221	51
	899	1,651
Current liabilities		
Other payables	673	689
Amounts due to subsidiaries	3,716	1,051
Lease liabilities	895	–
	5,284	1,740
Net current liabilities	(4,385)	(89)
Total assets less current liabilities	(2,291)	905
Non-current liabilities		
Lease liabilities	1,011	–
Net (liabilities)/assets	(3,302)	905

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

(a) Statement of financial position of the Company *(continued)*

	2021 HK\$'000	2020 HK\$'000
Equity		
Share capital	4,800	4,800
Reserves (note 32(b))	(8,102)	(3,895)
(Capital deficiency)/total equity	(3,302)	905

Approved and authorised for issue by the Board of Directors on 25 June 2021.

Xu Xue
Director

Tam Chak Chi
Director

(b) Reserves movement of the Company

	Share premium account HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019	34,250	(33,135)	1,115
Loss and total comprehensive income for the year	–	(5,010)	(5,010)
At 31 March 2020 and 1 April 2020	34,250	(38,145)	(3,895)
Loss and total comprehensive income for the year	–	(4,207)	(4,207)
At 31 March 2021	34,250	(42,352)	(8,102)

33. CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities (2020: Nil).

34. CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any significant capital commitments (2020: Nil).

35. LEASE COMMITMENT

The Group entered into short-term leases for retail stores during the reporting period. As at 31 March 2021, the outstanding lease commitments relating to these retail stores is approximately HK\$378,000 (2020: Nil).

36. RELATED PARTY TRANSACTIONS

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

(a) Transactions

The Group had the following transactions with its related parties during the year:

	2021 HK\$'000	2020 HK\$'000
Consultancy and advisory fees paid to a beneficial owner of the Company	448	448

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

	2021 HK\$'000	2020 HK\$'000
Fees	349	360
Other emoluments		
Salaries, allowances and benefits in kind	1,738	1,620
Retirement benefit scheme contributions	39	54
	1,777	1,674
	2,126	2,034

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	Lease liabilities <i>HK\$'000</i>
At 1 April 2019	13,420
Commencement of new tenancy agreement	19,581
Cash flow	(12,892)
Finance lease charges	1,107
Exchange difference	(39)
	21,177
At 31 March 2020 and 1 April 2020	3,498
Commencement of new tenancy agreement	(13,154)
Cash flow	(1,416)
COVID-19 Related rent concessions received	818
Finance lease charges	102
Exchange differences	11,025
At 31 March 2021	11,025

(b) Total cash outflow for leases

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
Within operating cash flows	818	1,107
Within financing cash flows	12,336	11,785
	13,154	12,892

These amounts relate to lease rental paid.

38. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2021 are as follows:

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest	Principal activities and place of operation
Wish Enterprise Limited	The BVI	2 ordinary shares @US\$1 each	Direct 100% (2020: direct 100%)	Investment holding, Hong Kong
Glory Unique Limited	The BVI	2 ordinary shares @US\$1 each	Direct 100% (2020: direct 100%)	Investment holding, Hong Kong
My Heart Lingerie Limited	Hong Kong	HK\$100	Indirect 100% (2020: indirect 100%)	Retail sales of lingerie products, Hong Kong
My Heart Factory Limited	Hong Kong	HK\$5	Indirect 100% (2020: indirect 100%)	Design and manufacture of lingerie products and provision of lingerie alteration service, Hong Kong
All Rich HK Investment Limited	Hong Kong	HK\$100	Indirect 100% (2020: indirect 100%)	Inactive, Hong Kong
Bodibra Beauty Limited	Hong Kong	HK\$100	Indirect 100% (2020: indirect 100%)	Provision of beauty services, Hong Kong
Excellent Goldenfield Limited	Hong Kong	HK\$1	Indirect 100% (2020: indirect 100%)	Investment holding, Hong Kong
Xianyu (Hongkong) Trading Limited	Hong Kong	HK\$1	Indirect 100% (2020: indirect 100%)	Inactive, Hong Kong
Beauty Legend Industrial Company Limited	Hong Kong	HK\$1	Indirect 100% (2020: indirect 100%)	Inactive, Hong Kong
Dynasty Investment (HK) Limited	Hong Kong	HK\$10,000	Indirect 100% (2020: indirect 100%)	Inactive, Hong Kong

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

38. SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest	Principal activities and place of operation
My Heart Bodibra Lingerie (Macau) Limited	Macau	MOP25,000	Indirect 100% (2020: indirect 100%)	Retail sales of lingerie products, Macau
華心思製衣(深圳)有限公司 Huaxinsi Zhiyi (Shenzhen) Co., Ltd.* ("Hua Xin Si") (note)	The PRC	Registered and paid up capital: RMB1,000,000	Indirect 100% (2020: indirect 100%)	Design, manufacture and sales of lingerie products, the PRC
心心芭迪貝伊內衣(深圳)有限公司 Xin Xin Badibei Yi Lingerie (Shenzhen) Co., Ltd.* ("Xin Xin") (note)	The PRC	Registered: RMB1,000,000 Paid up: RMB600,000	Indirect 100% (2020: indirect 100%)	Retail sales of lingerie products, the PRC

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

Note:

Hua Xin Si and Xin Xin are wholly-foreign owned enterprises established in the PRC.

39. SHARE OPTION SCHEME

On 19 June 2017, written resolution of the sole shareholder of the Company was passed to conditionally approve and adopt a share option scheme ("**Share Option Scheme**") to recognise and motivate the contributions that eligible participants have made or may make to the Group.

The Share Option Scheme adopted by the Company on 19 June 2017 will remain in force for a period of ten years from its effective date to 18 June 2027. Particulars of the Share Option Scheme of the Company are set out on pages 49 to 50 of the Company's annual report.

No share option has been granted by the Company under the Share Option Scheme since its effective date and up to the end of the reporting period.

40. EVENTS AFTER THE REPORTING PERIOD

On 15 April 2021, a placing agent and the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 48,000,000 placing shares at the placing price of HK\$0.86 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties (“**Placing**”). The placing shares will be allotted and issued pursuant to the General Mandate. The condition set out in the placing agreement had been fulfilled and the completion of Placing took place on 30 April 2021 in accordance with the terms and conditions of the placing agreement.

Details of above are set out in the Company’s announcements dated 15 April 2021 and 30 April 2021.

On 22 April 2021, the Company entered into a memorandum of understanding (the “**MOU**”) with Shenzhen City Jiaqi Weiye Investment Development Company Limited (深圳市嘉齊偉業投資發展有限公司) (“**Jiaqi Weiye**”). Pursuant to the MOU, the Company and Jiaqi Weiye intend to form a sustainable development strategic partnership for the expansion of the Company’s lingerie sales business in the Chinese mainland market.

Details of above are set out in the Company’s announcement dated 22 April 2021.

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s presentation. The changes included the reclassification of certain items of gains or losses previously classified under other income and administrative and other operating expenses to other gains or losses. The new classification of the accounting items was considered to provide a more appropriate presentation of the Group.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 25 June 2021.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	2021 HK\$'000	Year ended 31 March			
		2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	53,431	62,529	72,875	79,165	77,710
Profit/(loss) before tax	4,425	(46,839)	(24,323)	(5,040)	3,592
Income tax (expense)/credit	(724)	–	(95)	3,716	(2,535)
Profit/(loss) for the year and attributable to owners of the Company	3,701	(46,839)	(24,418)	(1,324)	1,057

ASSETS AND LIABILITIES

	2021 HK\$'000	As at 31 March			
		2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Non-current assets	30,330	38,386	52,004	15,385	7,053
Current assets	31,394	41,992	66,502	123,930	86,536
Current liabilities	(86,497)	(104,300)	(102,083)	(97,421)	(90,601)
Non-current liabilities	(3,904)	(8,364)	(602)	(1,437)	(457)
Net (liabilities)/assets	(28,677)	(32,286)	15,821	40,457	2,531
(Capital deficiency)/total equity attributable to owners of the Company	(28,677)	(32,286)	15,821	40,457	2,531