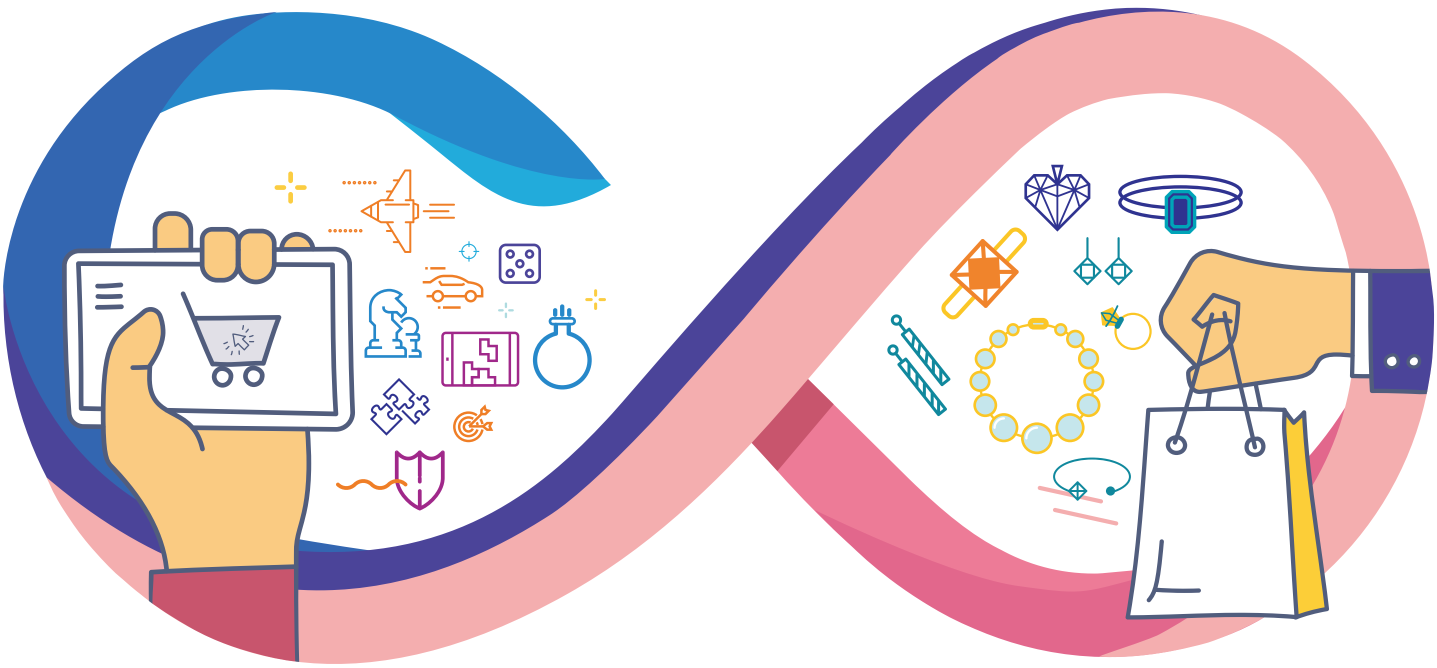
Primeview Holdings Limited
領視控股有限公司

(Incorporated in the Bermuda with limited liability • 於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 789



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2016/17 年報

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tse Hoi Chau *(Chairman & Chief Executive Officer)*
Mr. Lin Shao Hua
Mr. Leung Yiu Cho *(appointed on 1 December 2016)*
Ms. Yu Zhonglian *(appointed on 1 February 2017)*

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

AUDIT COMMITTEE

Mr. Lau Fai Lawrence *(Chairman)*
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

REMUNERATION COMMITTEE

Mr. Zeng Zhaohui *(Chairman)*
Mr. Tse Hoi Chau
Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit

NOMINATION COMMITTEE

Mr. Lau Fai Lawrence *(Chairman)*
Mr. Tse Hoi Chau
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

COMPANY SECRETARY

Mr. Lam Chak On

AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau
Mr. Lam Chak On

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit D, 16/F,
Eton Building,
288 Des Voeux Road Central,
Sheung Wan, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISERS

As to Hong Kong law

Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

As to Bermuda law

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

AUDITOR

Moore Stephens CPA Limited
801-806 Silver cord, Tower 1,
30 Canton Road
Tsimshatsui

SHARE REGISTRARS

Principal share registrar and transfer office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong branch share registrar and transfer office

Union Registrars Limited
Suite 3301-04, 33/F
Two Chinachem Exchange Squares
338 King's Road
North Point, HK

LISTING EXCHANGE INFORMATION

Place of Listing

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")

Stock Code

789

COMPANY'S WEBSITE

www.primeview.com.hk

PRIMEVIEW

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

DEAR SHAREHOLDERS,

On behalf of Primeview Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I hereby present the annual report on the consolidated results of the Group for the year ended 31 March 2017 to all shareholders of the Company (the "Shareholder").

2016 was a year of transition. In view of the keen competition in traditional fashion accessories, inflation in costs and expenses doing business in the People's Republic of China ("PRC") and unstable economy in the PRC during the year, the Group was exposed to various pressures and challenges, resulting in many difficulties. The Group has decided to further simplifying its CDM business for fashion accessories to only acting as agent of between wholesalers and suppliers.

With effective from 15 May 2017, the Company has changed the name of the Company from Artini China Co. Ltd. to Primeview Holdings Limited which shows the commitment of the Company in E-commerce and other internet-related business and marks a new era of the Company. Following the completion of the acquisition of Primeview Technology Limited in October 2016 which equips the Group with the necessary infrastructure to enter into the commerce business and other internet-related business. The benefit of the acquisition immediately reflected in the final result of the Group. The Company believes there to be growth potential in E-commerce as internet sales becomes more and more significant to retail businesses.

The Company will keep open and flexible minds in dealing with challenges and, with the hard work by our team, work towards creating better value to shareholders. Let's walk together to enter the new era with Primeview!

TSE HOI CHAU
Chairman

Hong Kong, 17 July 2017

Five-Year Financial Highlights

(All amounts in HK$ thousands unless otherwise stated)

	For the year ended 31 March				
	2017	2016	2015	2014	2013
Revenue	**14,847**	46,907	77,707	173,236	191,218
Gross profit (loss)	**5,831**	1,572	(18,688)	18,215	43,830
Loss from operations (Note 1 below)	**(12,671)**	(100,009)	(88,824)	(104,232)	(97,269)
Loss for the year	**(14,390)**	(100,030)	(90,990)	(108,320)	(109,028)
Non-current assets	**195,412**	55,927	10,571	51,161	78,834
Current assets	**89,301**	50,789	145,491	74,937	140,352
Current liabilities	**13,122**	49,006	25,953	66,547	66,622
Net current assets	**76,179**	1,783	119,538	8,390	73,730
Total assets less current liabilities	**271,591**	57,710	130,109	59,551	152,564
Total equity	**271,369**	57,319	130,109	59,403	151,851
Gross profit (loss) margin (%)	**39.3**	3.4	(24.1)	10.5	22.9
Net (loss) margin (%)	**(96.9)**	(213.2)	(117.1)	(62.5)	(57.0)
Basic and diluted loss per share (HK$) (Note 2 below)	**(0.004)**	(0.040)	(0.080)	(0.175)	(0.175)
Current ratio (X)	**6.81**	1.04	5.61	1.13	2.1
Return on equity (%)	**(5.3)**	(174.5)	(69.9)	(182.3)	(71.8)
Return on assets (%)	**(5.7)**	(93.7)	(58.3)	(85.9)	(49.7)

Note 1: The amount represented loss before income tax and finance costs.

Note 2: The weighted average number of ordinary shares for the year ended 31 March 2014 and 31 March 2013 has been restated due to a share consolidation of the Company which took place during the year ended 31 March 2015.

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2017 (the "Year" or "year" or "reporting period"), the Group recorded a total revenue of approximately HK$14,847,000 (2016: approximately HK$46,907,000), representing a decrease of approximately 68.3% as compared with last year. The decrease was mainly due to the Group's further simplifying its CDM operation to only acting as agency business accordingly the Group only accounted for the net received amount as agency fee income in other income. Gross profit was approximately HK$5,831,000 (2016: approximately HK$1,572,000). During the Year, loss for the year amounted to approximately HK$14,390,000 (2016: approximately HK$100,030,000). Basic and diluted loss per share was approximately HK$0.004 (2016: approximately HK$0.040).

E-COMMERCE BUSINESS

Following the completion of acquisition of Primeview Technology Limited, the Group started a new business segment of developing and selling of software related applications and the management is also actively evaluating. Our revenue from developing and selling software related applications from the PRC and Hong Kong amounted to approximately HK$5,317,000 and HK$800,000 respectively for the period from November 2016 to March 2017. The total revenue in developing and selling software related applications of approximately HK$6,117,000 for the period from November 2016 to March 2017 (2016: Nil), accounted for approximately 41.2% (2016: Nil) of the Group's annual revenue.

RETAIL AND DISTRIBUTION BUSINESS

Our retail and distribution business, which were solely derived from the PRC market during the year, increased from approximately HK$949,000 in 2016 to HK$8,730,000 in 2017, mainly due to an one-off sale of obsolete inventories to wholesalers. As at 31 March 2017, the Group has no retailing points (2016: 2 retailing points). The total revenue in retailing and distribution business of approximately HK$8,730,000 (2016: approximately HK$949,000) accounted for approximately 58.8% (2016: approximately 2.0%) of the Group's total revenue for the year.

Due to the recent change in customers' shopping behavior in the PRC and to minimise incurring of fixed costs in operating brick and mortar shops, the Group will shift its business focus in this segment to online retailing. Subject to future customers' shopping behavior and trend of fixed costs in operating brick and mortar shops, the Group may open new brick and mortar shops in the future when suitable opportunities arise. At the same time, in the event business in segment does not illustrate any significant improvement, the Company may divert resources to prioritize the development of other business segments.

CONCURRENT DESIGN MANUFACTURING ("CDM") BUSINESS

During the year, the Group further simplifies the operation by only acting as the agent between buyers and suppliers. As a result, the Group recorded no revenue from CDM business comparing to approximately HK$45,958,000 for the year ended 31 March 2016.

PROSPECTS

In the view of the Group deteriorating retail and distribution business, it is critical for the Group to think out of the box to develop a new distribution channel to reach new customers. With the completion of the acquisition of a company that is principally engaged in developing and selling software related application during the year ("the Acquisition"), the Group's existing internet retail business has seen a number of enhancement such as an improved retail online platform, more systematic collection and analysis of customer data, which resulted in a better understanding of the customers' preference and better communication with the customers. The management believes Smart wearable + Big Health + Big data will be essential to the Group's future product.

The Group also opens up new stream of business in software development following the completion of the Acquisition; with the advance in computing technology, the Group believes its software development and other related business will become the driving force of the revenue for the Group going forward. In addition, the Group is exploring the opportunity in mobile gaming with in-app purchases which promote online to offline shopping behavior.

Having considered the potential of the Group's E-commerce business, the management has decided to focus on the development of E-commerce business in coming year.

In the new electronic commerce era, the Group will continue its effort to explore suitable development strategies for our Group, seek new opportunities, and maximise shareholders' equity.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the year ended 31 March 2017 ("FY2017") amounted to approximately HK$14,847,000, representing a decrease of approximately 68.3% compared to the previous year.

E-commerce business

E-commerce business revenue recorded approximately HK$6,117,000 for the period from November 2016 to March 2017, accounting for 41.2% of the Group's total revenue for the year.

CDM business

The Group did not record any revenue from CDM business as the Group has changed the business model to acting as agent only. For the year ended 31 March 2016 ("FY2016") the CDM business accounting for approximately 98.0% of the Group's total revenue.

Retail and distribution business

Revenue from the retail and distribution business amounted for approximately 58.8% of the Group's total revenue for the year ended 31 March 2017 (FY2016: approximately 2.0%). During the Year, revenue from our retail and distribution business increased by approximately 819.9% to approximately HK$8,730,000.

Revenue by geographical distribution segments

Revenue of the Group was mainly derived from the PRC, and Hong Kong, which accounted for 94.6%, and 5.4% of the revenue respectively in FY2017, compared to 14.7% and 4.3% in FY2016.

Cost of sales

Cost of sales decreased from approximately HK$45,335,000 of last year to approximately HK$9,016,000 for the year ended 31 March 2017, representing a decrease of approximately 80.1% this was mainly due to change in business model of CDM business to agency business and the Group's no longer accounted for the purchase cost.

Gross profit

There was gross profit of approximately HK$1,572,000 in FY2016 to while there was gross profit of approximately HK$5,831,000 in FY2017. The increase in gross profit during the year was mainly contributed by new business segment of E-commerce Business.

Operating expenses

Operating expenses for the year ended 31 March 2017 accounted for approximately 155.5% of the Group's total revenue, compared with 194.8% of last year. They mainly comprised selling and distribution expenses of approximately HK$341,000 as well as administrative expenses of approximately HK$22,752,000.

Selling and distribution costs decreased from approximately HK$47,918,000 for the year ended 31 March 2016 to approximately HK$341,000 for the year ended 31 March 2017, representing a decrease of approximately HK$47,577,000. The decrease in selling and distribution costs was mainly resulted from reduced promotion and advertising of our brand during the FY2017, as the Group is reforming its strategies on marketing and promotion following by change of the Company's name and with new business segment.

The Group's administrative expenses primarily comprised depreciation of property, plant and equipment, staff costs (including Directors and executives) and professional fees paid during the year. During the year, the Company has recognised approximately HK$6,621,000 share based payment expenses, compare with approximately HK$16,565,000 recorded in the previous year as a result of the share options granted during the previous year. The administrative expenses for FY2017 decreased to approximately HK$16,131,000, representing a 40.0% decrease compared to last year after excluding the effect of the share based payment referred to above, such decrease was mainly due to tightened cost control this year.

Loss on disposal of investment properties including those classified as Investment Properties in 2016.

During the year, the Group did not hold any investment properties, net losses of approximately HK$3,613,000 in FY2016 following disposal of retail properties during that year.

Gains on disposals of subsidiaries

During the year, the Group disposed of one subsidiary. The net gains on disposal of the subsidiary during the year is approximately HK$516,000. In FY2016, the Group disposed of one subsidiary, resulting in a net gains of HK$17,000 during that year.

Loss for the year

Loss for the year was approximately HK$14,390,000 for the year ended 31 March 2017 (2016: approximately HK$100,030,000).

Income tax expense

During the year, the income tax expense of the Group amounted to approximately HK$1,695,000 (2016: approximately HK$11,000). Such increase was mainly resulted from increased taxable profit earned from a subsidiary during the year.

Loss per share

The loss per share for the year ended 31 March 2017 was HK$0.004 whereas the loss per share for the year ended 31 March 2016 was HK$0.04.

Dividend

The Board of Directors (the "Board") does not recommend the payment of any final dividend for the year ended 31 March 2017 (2016: Nil).

Foreign exchange exposure

The major business activities of the Group take place in the PRC, and Hong Kong with most transactions settled in Renminbi, United States dollars and Hong Kong dollars. Foreign currency exposure to United States dollars is minimal as Hong Kong dollars is pegged to the United States dollars. During the year, the exchange rate of Renminbi and Hong Kong dollars was relatively unstable. As a result, the Group recorded net exchange loss of approximately HK$3,210,000 during the year (2016: approximately HK$4,256,000). Although the foreign currency market is expected to be unstable in 2017, the Group has not used or has no plan to use any forward contract or other derivative products to hedge exchange rates exposure given our financial policy explicitly prohibits the Group from participating in any speculative activities, and the management considers it more difficult to monitor and manage the risks arising from such forward contracts or derivative products. The management of the Group will, nonetheless, continue to monitor the Group's foreign currency risks exposures and consider adopting prudent measures as appropriate.

Significant Investments and Acquisitions

During the year, the Group has completed the Acquisition with a total consideration of HK$160,000,000. The Group continued to seek opportunities to acquire and cooperate with international customers in order to generate better returns for the shareholders and the Board will decide what the best available source of funding is for the investments and acquisitions when suitable opportunities arise.

Impairment loss on trade receivables

At 31 March 2017, the Group had not make any specific allowance for doubtful debts on trade receivables (2016: approximately HK$2,447,000) while the Group had recovered approximately HK$1,919,000 specific allowance for doubtful debts on trade receivables (2016: HK$2,905,000).

Employees and emoluments

As at 31 March 2017, the Group had 14 employees (2016: 15). To enhance their expertise, product knowledge, marketing skills and overall operational management abilities, the Group organises regular training and development courses for staff, providing them with a competitive remuneration package, including salary, allowance, insurance and commission/bonus. The Group also participated in statutory retirement benefits schemes for its employees in Hong Kong and the PRC.

Liquidity and financial resources

During the year, the Group generally financed its operations with internally generated resources and its own working capital.

At the end of the reporting period, there was no undrawn general banking facilities available to the Group (2016: Nil), and the Group did not have any outstanding borrowing (2016: Nil).

The Group monitors its capital structure on the basis of gearing ratio, which is calculated as total liabilities over total equity. The gearing ratio of the Group was approximately 4.9% as at 31 March 2017 (2016: approximately 86.2%). The Group had time deposits and cash balances as at 31 March 2017 amounting to approximately HK$44,152,000 (2016: approximately HK$10,858,000).

The Group continues to adopt a policy of dealing principally with customers with whom the Group has enjoyed a long cooperation relationship so as to minimise credit risk in its business but management will be reviewing this position following completion of the Acquisition given the expected broadening of customer base.

Contingent liabilities

Please refer to Note 35 to the consolidation financial statement for details of contingent liabilities disclosed by the Group during the year.

Fund raising activities during the year and use of proceeds

(i) Placing of new shares

With a view to expanding the Group's talent pool and capabilities to develop software applications and mobile gaming applications with in-app purchases that will reinforce the Group's e-commerce sales, the Company had on 26 January 2017 entered into a placing agreement placing a total of 510,000,000 new shares to independent placees. The placing completed on 16 February 2017, generating a net proceeds of approximately HK$39.7 million to the Group. For details of the placing, please refer to the Company's announcement dated 26 January 2017 ("Announcement").

The below table sets out the use of the net proceeds generated from the placing:

Use of Proceeds stated in the Announcement	Approximate amount to be used as proposed in the Announcement	Amount used as at 31 March 2017
Development of software applications and/or mobile gaming applications, and/or acquire related technological company(ies) that will reinforce the Group's e-commerce sales	HK$27.8 million	Remain unused and approximately HK$17.8 million kept as current deposit with a licensed bank and approximately HK$10 million kept as fixed deposit with a licensed bank
Marketing and promotion for mobile gaming applications	HK$11.9 million	Remain unused and kept as current deposit with a licensed bank

(ii) Subscription of shares by a controlling shareholder

Incidental to the Acquisition and primarily to finance the consideration payable by the Group under the Acquisition, Walifax Investments Limited (the controlling shareholder of the Company which is wholly-owned by Mr. Tse Hoi Chau, the Chairman and an executive Director) and the Company entered into a subscription agreement on 13 April 2016. The subscription completed on 31 October 2016 and net proceeds of approximately HK$178 million was raised. For details of the subscription, please refer to the Company's circular dated 17 August 2016 (the "Circular").

The below table sets out the use of the net proceeds generated from the placing:

Use of Proceeds stated in the Circular	Approximate amount to be used as proposed in the Circular	Amount used as at 31 March 2017
Financing the consideration for the Acquisition	HK$160 million	All used as intended
General working capital of the Group	HK$18 million	Approximately HK$14 million has been used as working capital Approximately HK$4 million is kept as current deposit with a licensed bank

Biographical Details of Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. TSE Hoi Chau, aged 50, was appointed as the Chairman, an executive Director and a member of the remuneration committee and the nomination committee of the Company on 10 December 2012 and was further appointed as chief executive officer of the Company on 21 June 2013. He is also one of the authorized representatives of the Company under Rule 3.05 of the Listing Rules. He possesses more than 20 years' experience in the fashion ornament and jewelry wholesale industry. He also has experience in property investment, mineral exploration and mineral trade and sales. He is the executive chairman of the China Jewelry Association Fashion Ornament Chapter, a member of the Standing Committee of the People's Political Consultative Conference of Shanwei City, Guangdong Province, a committee member of the People's Political Consultative Conference of Liwan District, Guangzhou City, Guangdong Province, the deputy-chairman of the Gems & Jewelry Trade Association of China, the deputy-chairman of the Confederation of Chinese Commerce and Industry Gift-industry Chamber of Commerce, and the deputy-chairman of the Guangdong Chamber of Private Enterprise. Mr. Tse is the sole member of Walifax Investments Limited, a controlling Shareholder of the Company which, as at the date of this report, (personally and via corporations controlled by him) interests 3,540,091,988 shares of the Company, representing approximately 64.13% of the issued share capital of the Company. Mr. Tse had also 26,671,400 share options granted to him by the Company on 28 March 2014 and 9 July 2015 under the Share Option Scheme. Mr. Tse is the spouse of Ms. Yu Zhonglian, an executive Director and the brother-in-law of Mr. Lin Shao Hua, an executive Director.

Mr. LIN Shao Hua, aged 57, was appointed as an executive Director on 28 June 2013. He has over 20 years of experience in factory management and product development. He has extensive experience in managing the manufacturing of Jewellery. Since 1991, he has been responsible for the management of Artist Empire (Hai Feng) Jewellery Mfy. Limited, a former subsidiary of the Company. He is currently a member of the Hai Feng County Committee of the Chinese People's Political Consultative Conference (海豐縣政協委員). Mr. Lin was an executive Director of the Company from 17 July 2009 to 31 October 2011. Saved as disclosed, Mr. Lin had not held any other positions in the Company and its subsidiaries and had not held any other directorships in any listed public companies in Hong Kong or overseas or other major appointments and qualifications in the last three years. Mr. Lin is the brother- in-law of Mr. Tse Hoi Chau, the chairman of the Company. As at the date of this report, Mr. Lin was interested in 26,671,400 share options of the Company granted to him by the Company on 28 March 2014 and 9 July 2015 under the Share Option Scheme.

Mr. LEUNG Yiu Cho, aged 38, joined the Company as its chief financial officer in December 2013 and has overseen the Company's investment functions since October 2015. He has over 15 years of experience in financial management and corporate finance. Mr. Leung was conferred a bachelor degree in business administration from Lingnan University in Hong Kong in December 2001 and a master's degree in corporate finance from The Hong Kong Polytechnic University in December 2006. He is a member of the Associate of Chartered Certified Accountants. Mr. Leung is currently an independent non-executive director of Zheng Li Holdings Limited (Stock Code: 8283) which is listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. As at the date of this report, Mr. Leung was interested in 22,000,000 share options of the Company granted to him by the Company on 28 March 2014, 9 July 2015 and 27 November 2015 under the Share Option Scheme.

Ms. YU Zhonglian, aged 50, joined the Group in September 2015 and is responsible for the Group's marketing operations and human resources management. Ms. Yu has more than 10 years' experience in fashion jewellery trading and management. Leveraging on her fashion jewellery trading experience, the Board believes Ms. Yu can provide valuable advice on the direction of the Group's new product and marketing strategy. Ms. Yu is the spouse of Mr. Tse Hoi Chau, the Chairman of the Board, the chief executive officer of the Company, an executive Director of the Company.

Independent Non-executive Directors

Mr. LAU Fai Lawrence, aged 45, was appointed as independent non-executive Director on 23 April 2008. He is also the chairman of the audit committee and the nomination committee of the Company and a member of the remuneration committee of the Company. Mr. Lau has extensive experience in accounting, corporate finance and auditing. He is a practising certified public accountant in Hong Kong and is currently the Company Secretary of BBMG Corporation (Stock code: 2009) which is listed on the main board of the Stock Exchange. Before joining BBMG Corporation, he was the Group Financial Controller of Founder Holdings Limited and Peking University Resources (Holdings) Company Limited (previously known as EC-Founder (Holdings) Company Limited, both of which are listed on the main board of the Stock Exchange. Mr. Lau has previously worked in Price Waterhouse Company Limited (now known as PricewaterhouseCoopers) as an accountant from 1994 to 1998. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the UK. Mr. Lau graduated from the University of Hong Kong with a bachelor's degree in Business Administration and obtained a Master of Corporate Finance degree from the Hong Kong Polytechnic University. Mr. Lau has also been an executive Director of Future World Financial Holdings Limited (previously known as Central Wealth Financial Group Limited) (Stock code: 572) since January 2014, an independent non-executive Director of Titan Petrochemicals Group Limited (Stock code: 1192) since March 2014, an independent non-executive Director of China HKBridge Holdings Limited (previously known as Topsearch International (Holdings) Limited) (Stock code: 2323) since March 2016 and Alltronics Holdings Limited (Stock code: 833), all of which are listed on the Stock Exchange.

Mr. LAU Yiu Kit, aged 57, was appointed as independent non-executive Director on 1 December 2010. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Lau is the sole proprietor and founder of Albert Y.K. Lau & Co., Certified Public Accountants. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales and the Taxation Institute of Hong Kong. Mr. Lau was appointed on 23 March 2015 as independent non-executive director of Titan Petrochemicals Group Limited (which is listed on the Main Board of the Stock Exchange) and resigned from that position on 30 September 2015. He was also appointed on 16 September 2015 as independent non-executive director of FDB Holdings Limited (Stock code: 1826), which listing was transferred from the Growth Enterprise Market to the Main Board of the Stock Exchange in July 2017.

Mr. ZENG Zhaohui, aged 46, was appointed as independent non-executive Directors on 1 October 2014. He is also the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company. He is a practicing lawyer in China, and has practiced for 20 years since 1994. He graduated from Zhongshan University. He worked at the People's Court of Shanwei City of China in 1991, qualified as a lawyer in 1992, and has practiced as a certified lawyer since 1994. Mr. Zeng was a member of the Committee of the People's Political Consultative Conference of Shanwei City, the Chief Member of the Real Estate Legal Profession Committee of the Guangdong Lawyers Association and a torchbearer of the 16th Asian Games of Guangzhou. He is currently the Chief Lawyer of Guangdong Right Word Law Firm. Saved as disclosed above, Mr. Zeng had not held any other positions with the Company and its subsidiaries and had not held any directorships in any public company the securities of which are listed in Hong Kong or overseas in the three years preceding the date of this report.

COMPANY SECRETARY

Mr. LAM Chak On joined the Company in 2016 and was appointed as the Company Secretary of the Company and one of the authorized representatives of the Company under Rule 3.05 of the Listing Rules since 31 August 2016. He is a member of The Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators; a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He holds a master's degrees in Corporate Governance form The Hong Kong Polytechnic University. He has extensive experience in the accounting and auditing field and had previously worked for a company listed in Hong Kong.

The Directors submit herewith their report together with the audited financial statements of the Company for the year ended 31 March 2017 (the "Financial Statements").

Environmental, Social and Governance Report

The Board is pleased to present the environmental, social and governance ("ESG") report ("ESG report") from 1 April 2016 to 31 March 2017 (the "Year") of the Group.

SCOPE AND BASIS OF REPORTING

The Group had complied with the "comply or explain" provisions set out in Appendix 27 (Guideline on Environmental, Social and Governance Report) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). This ESG report is prepared pursuant to the Appendix 27 (Guideline on Environmental, Social and Governance Report) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the understanding of the needs and expectations of stakeholders through annual stakeholders meeting, this ESG report covers the environmental, social and governance performance of the Group during the year. The Group's office in Hong Kong is a major collection site for materials of this ESG report.

A. Environment

A1 Emission

Greenhouse gas emission is a global concern and we understand the importance of reducing greenhouse gas emission notwithstanding that the Group's operations do not involve significant direct emission of greenhouse gases. The Group had adopted policies with a view to reducing indirect greenhouse gas emissions as a result of the Group use of electricity in its business including:

- The reduction of energy consumption. Employees are required to turn off the lights when they are not in use.
- Equipment such as computers and photocopiers are equipped with power saving mode. Sleep mode will turn on once they are left idle for over 15 minutes.
- Temperature in the office is set with air-conditioner at appropriate temperature to avoid wastage of electricity.

A2 Waste Management

Paper is the major source of wastage of the Group. The Group encourages staff to think before print and use electronical file instead of hardcopy. Recycled paper and double-sided printing is encouraged. Also, the Group has adopted a waste disposal policy of separating daily solid waste and papers for recycling.

A3 Environmental and Natural Resources

Save as discussed above, the Group's ordinary business operations do not have significant impact on the environment and natural resources.

B. Social

B1 Employment

Human capital is valuable asset to the Group. The Group believes that work-life balance can promote higher working efficiency. The Group offers employees benefits including paid leaves and Mandatory Provident Fund, the Group does not encourage overtime working, employees work for an average of 40 hours per week.

The Group strictly follows the code of practice issued by Equal Opportunities Commission. We are an equal opportunity employer, and employees will not be unfairly prejudiced on the ground of their age, gender, race, colour, sexual orientation, disability or marital status.

B2 Health and safety

The Group cares about the health and safety of the employees and strives to provide a safe working environment. Medical insurance are provided to employees to safeguard their health. The Group provides suitable office furniture for all employees for them to work in a hazard-free environment.

The Group has not received any report on incident in respect of serious work injury during the Year.

B3 Development and Training

The Group promotes continuing training of employees. The Group has set up a policy on staff training which includes, training of junior staff via sharing of working experience by senior management, participate in trainings held by professional bodies.

B4 Labour rule

The Group strictly follows the relevant provisions under the Employment Ordinance of Hong Kong and the Labour Contract Law of the People's Republic of China. The Group also adopts a policy against any child labour and forced labour. Before making any employment decision, identity documents of the candidate is checked to make sure that they are legally eligible for employment. Also, the Group has in place a whistle-blowing mechanism for reporting of any forced labour. The Company is not aware of any violation against the relevant labour legislation during the Year.

B5 Supplier management

The Group views its suppliers as long term partners and keen to keep a long-term and friendly relationship to ensure stable supply. The Group reviews its selection of suppliers periodically based on their product quality and commitment towards environmental protection and social responsibility.

B6 Product responsibility

The quality of the product is very important to the Group. The Group has establishes various communication channels including company website, e-mail and telephone for customer to give their feedback to the Group. Customer's satisfaction will become the driving force for the Group to increase the quality of the product.

Also, the Group respects the privacy of the customer, protecting customer's and supplier's data and privacy of client information. They are kept in confidentiality and destroyed in accordance with the Group's policy on document retention.

B7 Anti-corruption

The Group held a zero tolerance attitude towards corruption, fraud, money laundering, bribery and extortion and has, to the Company's knowledge, complied with the relevant anti-corruption laws and regulations.

B8 Community Investment

The Group encourages its employee devote time and effort to return to the society by taking part into volunteer work and support to environment protection such as taking initiative towards energy saving actions.

Report of the Directors

PRINCIPAL PLACE OF BUSINESS

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong and its principal place of business is Unit D, 16/F., Eton Building, 288 Des Voeux Central, Sheung Wan, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are developing and selling software related applications; design, retail and distribution and CDM of fashion accessories. The principal activities and other particulars of the principal subsidiaries of the Company are set out in note 36 to the Consolidated Financial Statements.

The analysis of the principal activities and geographical locations of the operations of the Group during the year ended 31 March 2017 are set out in note 7 to the Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES FACING BY THE GROUP

The following is a list the principal risks and uncertainties the Group faces in its business operations which is not meant to be exhaustive:

- There is no assurance of successful implementation of our business strategies
- The Group may face uncertainties associated with its business expansion especially where its e-commerce business commenced only in the fourth quarter of 2017
- The Group's profit margin may be dampened by increases in its marketing and brand-building expenditures
- We do not have long-term purchase commitment from our customers, and our revenue may vary significantly from period to period
- Our sales are concentrated in the PRC and declines in sales in the PRC such areas may adversely affect our results of operation
- The Group is exposed to currency exchange fluctuation

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 74.3% (2016: 96.4%) of the total sales. The top five suppliers accounted for approximately 100% (2016: 90.3%) of the total purchases for the year ended 31 March 2017. In addition, the Group's largest customer accounted for approximately 48.7% (2016: 76.7%) of the total sales and the Group's largest supplier accounted for approximately 46.7% (2016: 36.3%) of the total purchases for the year ended 31 March 2017.

At no time during the year ended 31 March 2017 have the Directors, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2017 is set out in the section of "Management Discussion and Analysis" on pages 7 to 12 of this annual report.

Compliance with Relevant Laws And Regulations

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

Relationships with Stakeholders

Employees are regarded as the most important and valuable assets of the Group. Competitive remuneration packages and a sound performance appraisal system with appropriate incentives are provided and implemented to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. The Group also understands the importance of maintaining good relationship with business partners and during the year, there was no material and significant dispute between the Group and its major customers and suppliers.

Environmental Policies, Performance and Compliance with Laws and Regulations

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

FINANCIAL STATEMENTS

The loss of the Group and the state of the Company's and the Group's affairs as at 31 March 2017 are set out in the Financial Statements on pages 46 to 118 respectively.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 115 and the note 33 to the consolidated financial statements respectively.

CHARITABLE DONATIONS

The Group did not make charitable donation during the year ended 31 March 2017 (2016: Nil).

FIXED ASSETS

Details of the movements in fixed assets during the year ended 31 March 2017 are set out in note 16 to the Financial Statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 March 2017 are set out in note 26 to the Consolidated Financial Statements.

DIRECTORS

The Directors during the year ended 31 March 2017 and up to the date of this report are:

Executive Directors

Mr. Tse Hoi Chau
Mr. Lin Shao Hua
Mr. Leung Yiu Cho (appointed on 1 December 2016)
Ms. Yu Zhonglian (appointed on 1 February 2017)

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

Pursuant to Bye-law 86(2) of the bye-laws of the Company (the "Bye-laws"), any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the next Annual General Meeting ("AGM") and shall then be eligible for re-election.

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

Details of the Directors' service contracts and appointment letters are described in the "Corporate Governance Report" on pages 30 to 31.

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

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

As at 31 March 2017, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as follows:

Long positions in ordinary shares of HK$0.01 each in the Company

Name of Directors	Company in which interests are disclosed	Capacity	Number of issued ordinary shares held	Number of shares subject to options granted	Percentage of the issued share capital as at 31 March 2017
Tse Hoi Chau	The Company	Corporate interest	3,525,267,988 (Note 1)	–	63.87%
		Beneficial interest	14,824,000	26,671,400 (Note 2)	0.75%
Lin Shao Hua		Beneficial interest	–	26,671,400 (Note 2)	0.48%
Leung Yiu Cho		Beneficial interest	–	22,000,000 (Note 3)	0.41%

Notes:

1. These shares are held by Walifax Investments Limited, which is wholly and beneficially owned by Mr. Tse Hoi Chau.
2. These options were granted by the Company on 28 March 2014 and 9 July 2015 under the Share Option Scheme (the "Share Option Scheme") adopted by the Company on 23 April 2008.
3. These options are granted by the Company on 28 March 2014, 9 July 2015 and 27 November 2016 under the Share Option Scheme adopted by the Company on 23 April 2008.

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

DIRECTORS' RIGHT TO ACQUIRE SHARES

On 13 April 2016, the Group entered into a conditional subscription agreement (the "Subscription Agreement") with Walifax Investments Limited, a company wholly and beneficially owned by Mr. Tse Hoi Chau, Chairman and Executive Director of the Group, for subscription of 2,440,000,000 ordinary shares at HK$0.074 per share at a total consideration of approximately HK$180,560,000 (the "Subscription"). The Subscription completed on 31 October 2016.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

(iii) the nominal value of the shares.

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

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares of the Company in issue on the date on which the Company's shares were first listed on the Stock Exchange ("Listing Date") (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval. At the Company's annual general meeting held on 25 September 2015, the Scheme Mandate Limit was renewed the total number of shares which may be issued upon exercise of all options under the Share Option Scheme (not taking into account any share options already granted prior to the date of shareholders' approval of the renewal of the Scheme Mandate Limit) and any other share option scheme shall not exceed 784,064 shares, representing approximately 0.03% of the total issued share capital of the Company as of the date of this report. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes of the Company will not be counted for the purpose of calculating the 10% limit.

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

Details of the share options movement during the year ended 31 March 2017 under the Share Option Scheme are as follows:

Name of the category	Date of grant of share options	Outstanding as at 1 April 2016	Transfer during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 March 2017	Validity period of the share option	Exercise price HK$
Directors								
Mr. Tse Hoi Chau (Director)	28.03.2014	6,671,400	–	–	–	6,671,400	28.03.2014-27.03.2019	0.4709
	09.07.2015	20,000,000	–	–	–	20,000,000	09.07.2015-08.07.2020	0.147
Mr. Lin Shao Hua (Director)	28.03.2014	6,671,400	–	–	–	6,671,400	28.03.2014-27.03.2019	0.4709
	09.07.2015	20,000,000	–	–	–	20,000,000	09.07.2015-08.07.2020	0.147
Mr. Leung Yiu Cho (Director)	28.03.2014	–	6,671,400	–	(671,400)	6,000,000	28.03.2014-27.03.2019	0.4709
	09.07.2015	–	1,000,000	–	–	1,000,000	09.07.2015-08.07.2020	0.147
	27.11.2015	–	15,000,000	–	–	15,000,000	27.11.2015-26.11.2020	0.1488
Employees (In aggregates)	28.03.2014	6,671,400	(6,671,400)	–	–	–	28.03.2014-27.03.2019	0.4709
	09.07.2015	1,600,000	(1,000,000)	(600,000)	–	–	09.07.2015-08.07.2020	0.147
	27.11.2015	32,000,000	(15,000,000)	(15,000,000)	–	2,000,000	27.11.2015-26.11.2020	0.1488
Other Participants (In aggregates)	28.03.2014	40,028,400	–	–	–	40,028,400	28.03.2014-27.03.2019	0.4709
	09.07.2015	20,200,000	–	–	–	20,200,000	09.07.2015-08.07.2020	0.147
	27.11.2015	224,200,000	–	–	–	224,200,000	27.11.2015-26.11.2020	0.1488
		378,042,600	–	(15,600,000)	(671,400)	361,771,200		

Notes:

(1) The Closing price for the shares on 28 March 2014, 9 July 2015 and 27 November 2015, being the date immediately before the share options granted, were HK$0.2440, HK$0.1360 and HK$0.1470 respectively.

(2) Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees. For the reasons for the grants and principal terms thereof in additional to those set out in the table above, please refer to the preceding paragraphs in this section.

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

As at 31 March 2017, to the best knowledge of the Directors, the following person (other than a Director and chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital as at 31 March 2017
Walifax Investments Limited (Note below)	Beneficial interest	3,525,627,988	63.87%

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

Save as disclosed above, as at 31 March 2017, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS AND OTHER CONTRACTS OF SIGNIFICANCE

Save for the Subscription Agreement, during the year, there was no contract of significance between the controlling shareholder or its subsidiaries and any of the Company, its holding companies, or any of its subsidiaries and there was no contract, transaction or arrangement in which a Director or an entity connected with him had a material interest with differed from that of the other shareholders of the Company, subsisted at the end or any time during the year ended 31 March 2017.

BANK LOANS AND OTHER BORROWINGS

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

FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 6 of this annual report.

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFIT SCHEMES

Particulars of employee retirement benefit schemes of the Group are set out in note 27 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

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

FUND RAISING ACTIVITY DURING THE YEAR

On 13 April 2016 (after trading hours), the Group entered into a conditional subscription agreement (the "Subscription Agreement") with Walifax Investments Limited, a company wholly and beneficially owned by Mr. Tse Hoi Chau, Chairman of the Group, for subscription of 2,440,000,000 ordinary shares at HK$0.074 per share at a total consideration of approximately HK$180,560,000 (the "Subscription"). The net proceeds from the Subscription amounted to approximately HK$178,000,000. The Subscription completed on 31 October 2016.

On 26 January 2017 (after trading hours), the Company entered into placing agreement with an independent placing agent to place a total of 510,000,000 new ordinary shares in the Company at the placing price of HK$0.08 per share to not less than six placees who are independent third parties (the "Placing"). Net proceeds of approximately HK$39,700,000 (with a net placing price of HK$0.078 per share) were raised. Please refer to the section headed Management Discussion and Analysis in this annual report on the details regarding application of proceeds raised from the Subscription and the Placing.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its shares during the year ended 31 March 2017 and save neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31 March 2017.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year ended 31 March 2017 and up to the date of this report, none of the Directors or the management shareholders of the Company and their respective associates, as defined in the Listing Rules are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

AUDITOR

Moore Stephens CPA Limited ("Moore Stephens") was appointed as auditor of the Company on 21 June 2017 following the resignation of Asian Alliance (HK) CPA Limited. Apart from this, there was no change in auditors of the Company in any of the preceding three years.

The consolidated financial statements for the year ended 31 March 2017 have been audited by Moore Stephens which will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

TSE HOI CHAU
Chairman

Hong Kong, 17 July 2017

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Save as disclosed below, the Company has complied with all the provisions in the CG Code during the year ended 31 March 2017.

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

The Board considers that the vesting of the roles of chairman of the Board and chief executive officer of the Company in the same individual is beneficial to the business prospects and management of the Company. The Board will review the need of appointing suitable candidate to assume the role of chief executive officer if and when necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions throughout the year ended 31 March 2017.

BOARD OF DIRECTORS

Composition

As at 31 March 2017, the Board comprised four executive Directors and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2017 and up to the date of this report are as follows:

Executive Directors

Mr. Tse Hoi Chau *(Chairman)*
Mr. Lin Shao Hua
Mr. Leung Yiu Cho (appointed on 1 December 2016)
Ms. Yu Zhonglian (appointed on 1 February 2017)

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

The biographical details of all current Directors are set out on pages 13 to 15 of this annual report. Save as disclosed in this annual report, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board.

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

FUNCTIONS OF THE BOARD

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

BOARD MEETINGS AND BOARD PRACTICES

The Company adopted the practice of holding Board meetings regularly throughout the year ended 31 March 2017. The Board will also meet on other occasions when a board-level decision on a particular matter is required. The company secretary of the Company (the "Company Secretary") will assist the Chairman to prepare the agenda of the meeting and each Director may request to include any matters in the agenda. Generally, at least 14 days' notice would be given for regular Board meetings. The Directors will receive details of agenda items for decision at least 3 days before each Board meeting. The Company Secretary is responsible for distributing detailed documents to Directors prior to the meetings of the Board to ensure that the Directors are able to make informed decisions regarding the matters to be discussed in the meetings so that they may receive accurate, timely and clear information. All Directors may access the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. All Directors will also be provided with sufficient resources to discharge their duties, and upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expense. The Company Secretary is also responsible for ensuring that the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings. All minutes of Board meetings were recorded in sufficient detail the matters considered by the Board and decisions reached.

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

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

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

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

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

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

During the year ended 31 March 2017 and up to date of this report, the corporate governance duties performed by the Board were mainly set out below:

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

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

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

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

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

Throughout the year ended 31 March 2017, 10 Board meetings and 1 annual general meeting were held. Details of the attendance of Directors are as follows:

Name of the Directors	Number of Board meetings attended/held	Number of annual general meeting attended/held
Executive Directors		
Mr. Tse Hoi Chau	9/10	1/1
Mr. Lin Shao Hua	8/10	1/1
Mr. Leung Yiu Cho (appointed on 1 December 2016)	2/10	0/1
Ms. Yu Zhonglian (appointed on 1 February 2017)	1/10	0/1
Independent Non-executive Directors		
Mr. Lau Fai Lawrence	10/10	1/1
Mr. Lau Yiu Kit	10/10	1/1
Mr. Zeng Zhaohui	10/10	1/1

DIRECTORS' APPOINTMENT, RE-ELECTION AND REMOVAL

Mr. Tse Hoi Chau ("Mr. Tse") entered into a service contract with the Company for a term of 3 years commencing on 29 June 2015 which may be terminated by either party giving to the other not less than 3 months' prior notice in writing. Mr. Tse is entitled to a monthly salary, of approximately HK$200,000 (on a 13-month basis which equals approximately HK2,600,000 in aggregate per year), which was determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company's affairs. As an executive Director, he is also entitled to a discretionary bonus for each financial year to be determined by the Board.

Mr. Lin Shao Hua ("Mr. Lin") entered into a service contract with the Company for a term of 3 years commencing on 29 June 2015 which may only be terminated in accordance with the provisions of the service contract or by either party giving to the other not less than three months' prior notice in writing. Mr. Lin is entitled to a monthly salary of HK$30,000 (on a 13-month basis which equals HK$390,000 in aggregate per year) which was determined with reference to his previous experience, prevailing market conditions as well as his duties and responsibilities with the Company. He is also entitled to a discretionary bonus for each financial year to be determined by the Board.

Mr. Leung Yiu Cho ("Mr. Leung") entered into a service contract with the Company for a term of 2 years commencing on 1 December 2016 which may only be terminated in accordance with the provisions of the service contract or by either party giving to the other not less than three months' prior notice in writing. Mr. Leung is entitled to a monthly salary of HK$70,000 (on a 12-month basis which equals HK$840,000 in aggregate per year) which was determined with reference to his previous experience, prevailing market conditions as well as his duties and responsibilities with the Company. He is also entitled to a discretionary bonus for each financial year to be determined by the Board.

Ms. Yu Zhonglian ("Ms. Yu") entered into a service contract with the Company for a term of 3 years commencing on 1 February 2017 which may only be terminated in accordance with the provisions of the service contract or by either party giving to the other not less than three months' prior notice in writing. Ms. Yu is entitled to a monthly salary of HK$10,000 (on a 13-month basis which equals HK$130,000 in aggregate per year) which was determined with reference to her previous experience, prevailing market conditions as well as her duties and responsibilities with the Company. She is also entitled to a discretionary bonus for each financial year to be determined by the Board.

The remuneration packages of all executive Directors were determined by reference to the prevailing market rate and his or her experience and are entitled to a discretionary bonus for each financial year to be determined by the Board.

Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit, and Mr. Zeng Zhaohui, the independent non-executive Directors, have currently entered into a formal appointment letter with the Company for a term of 3 years commencing from 29 June 2015, subject to termination by either party giving the other not less than 3 months' prior written notice or such shorter period as both parties may agree.

In accordance with the Bye-Laws, all Directors are subject to retirement by rotation at least once every 3 years.

Please refer to note 12 to the audited financial statements in this report for detail on the remuneration directors and senior management of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Among the independent non-executive Directors, at least one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of its independent non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 March 2017. The Company, based on such confirmation, considers all independent non-executive Directors during the year ended 31 March 2017 are independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Board considers that vesting the roles of chairman of the Board and chief executive officer of the Company in the same individual is beneficial to the business prospects and management of the Company. The Board will review the need of appointing suitable candidate to assume the role of chief executive officer if and when necessary.

DELEGATION OF POWERS

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors receive an induction on their appointments to ensure adequate understanding of the business and operations of the Group and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors are continually updated on developments in the relevant statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. All Directors are committed to comply with Code Provision A.6.5 of the CG Code on Directors' training and provided a record of training they received for the year ended 31 March 2017 to the Company.

During the year ended 31 March 2017, the Company has provided regulatory updates for the directors of the Company prepared by external professional institution to develop and refresh their knowledge and skills through suitable reading materials. The programme is to ensure that their contribution to the Board remains informed and relevant.

The individual training record of each Director received for the year ended 31 March 2017 is summarised below:

Directors	On update of statutory and regulatory regime and the business environments
Executive Directors	
Mr. Tse Hoi Chau	√
Mr. Lin Shao Hua	√
Mr. Leung Yiu Cho	√
Ms. Yu Zhonglian	√
Independent Non-executive Directors	
Mr. Lau Fai Lawrence	√
Mr. Lau Yiu Kit	√
Mr. Zeng Zhaohui	√

AUDIT COMMITTEE

Composition

The audit committee of the Company (the "Audit Committee") was established on 23 April 2008 with written terms of reference in compliance with the CG Code. The updated terms of reference of the Audit Committee, which were applicable to the Company's accounting periods commencing on or after 1 April 2016, were adopted on 29 February 2016. As at 31 March 2017, the Audit Committee comprised three members, all being independent non-executive Directors, namely Mr. Lau Fai Lawrence (Chairman), Mr. Lau Yiu Kit and Mr. Zeng Zhaohui.

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

During the year ended 31 March 2017, 2 Audit Committee meetings were held. Details of the members' attendance of the Audit Committee meetings are as follows:

Name of the Members	Members' Attendance
Mr. Lau Fai Lawrence (Chairman)	2/2
Mr. Lau Yiu Kit	2/2
Mr. Zeng Zhaohui	2/2

For the year ended 31 March 2017, the Audit Committee has held meetings with the Company's auditor, Moore Stephens CPA Limited, to discuss the auditing, internal control and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2017 and the interim financial report for the six months ended 30 September 2016, including the accounting principles and practice adopted by the Group. In light of the matters referred to in the disclaimer by Moore Stephens CPA Limited in respect of the Group's consolidated financial statements for the year ended 31 March 2017 (as set out on pages 46 to 118 of this report), the Audit Committee has recommended, and the Board has so resolved, to appoint an additional internal control manager to take charge of the Group's internal control with a view to improving the same in aspects such as document keeping and financial reporting.

REMUNERATION COMMITTEE

Composition

The remuneration committee of the Company (the "Remuneration Committee") was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2017, the Remuneration Committee comprised four members, namely Mr. Zeng Zhaohui (Chairman), Mr. Tse Hoi Chau, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, the majority of which are independent non-executive Directors except for Mr. Tse Hoi Chau, an executive director.

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

During the year ended 31 March 2017, 1 Remuneration Committee meetings were held and details of the members' attendance of the Remuneration Committee meetings are as follows:

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

For the year ended 31 March 2017, the Remuneration Committee reviewed the remuneration packages of all Directors and senior management and made recommendations to the Board on the remuneration of the newly appointed Directors.

Remuneration Policy for Directors and Senior Management

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

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

The Company has adopted the Share Option Scheme on 23 April 2008. The purpose of the Share Option Scheme is to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

NOMINATION COMMITTEE

Composition

The nomination committee of the Company (the "Nomination Committee") was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2017, the Nomination Committee comprised four members, namely Mr. Lau Fai Lawrence (Chairman), Mr. Tse Hoi Chau, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui, the majority of which are independent non-executive Directors (except for Mr. Tse Hoi Chau, an executive Director).

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

During the year ended 31 March 2017, 3 Nomination Committee meetings were held and details of the members' attendance of the Nomination Committee meetings are as follows:

Name of the Members	Members' Attendance
Mr. Lau Fai Lawrence (Chairman)	3/3
Mr. Tse Hoi Chau	3/3
Mr. Lau Yiu Kit	3/3
Mr. Zeng Zhaohui	3/3

For the year ended 31 March 2017, the Nomination Committee reviewed the composition, size, structure and diversity of the Board and determined the appointment of the Directors and senior management of the Company.

Board Diversity Policy

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

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 March 2017, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The reporting responsibility of the external auditor of the Company on the financial statements of the Company for the year ended 31 March 2017 are set out in the Independent Auditor's Report.

Auditor's Remuneration

During the year ended 31 March 2017, the remuneration paid or payable to the Company's auditor, in respect of its audit and non-audit services were as follows:

Type of Services	HK$'000
Audit services	850
Non-audit services	42
	892

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

The Company has prepared an internal control report, covering all material controls, including financial and operation for the year ended 31 March 2017. The said internal control report compiled by the Company has been brought to the attention of the Board and the Audit Committee. The Board, having reviewed the effectiveness of the internal control system, concluded that the Group needs to further improve its internal control system. Based on the recommendation of the Audit Committee, and in light of the Company's auditors' disclaimer of opinion as set out in their report in this annual report, the Board has appointed an additional internal control manager with a view to improving the Group's internal control system going forward.

The Company has established the internal control department to provide day-to-day management of the compliance and control of the Group and report to the Board on control and compliance matters. The internal control department has been headed by Internal Control Manager since December 2011, and it reports directly to the Board. The primary responsibilities of the internal control department include reviewing the internal control system and monitoring the compliance of the daily operating activities within the Group. In addition, it also carries out assessment in relation to the establishment of new company or entity and new products of the Group.

INVESTORS AND SHAREHOLDERS RELATIONS

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

There was no significant change in the Company's constitutional documents during the year ended 31 March 2017.

Shareholders' Right

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

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

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

Pursuant to Bye-law 58 of the Bye-laws, Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's principal place of business in Hong Kong.

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

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

COMPANY SECRETARY

Mr. Lam Chak On ("Mr. Lam") is currently the Company Secretary of the Company. Mr. Lam has taken no less than 15 hours of relevant professional training for the year ended 31 March 2017 to update his skills and knowledge.

MOORE STEPHENS

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong
T +852 2375 3180
F +852 2375 3828
www.moorestephens.com.hk

大華馬施雲
會計師事務所有限公司

To the shareholders of
Primeview Holdings Limited
(Formerly known as "Artini China Co. Ltd.")
(Incorporated in the Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Primeview Holdings Limited (formerly known as "Artini China Co. Ltd.") (the "Company") and its subsidiaries (together, the "Group") set out on pages 46 to 118, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements, and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Scope limitation – Revenue and expenses of E-commerce Business

During the year ended 31 March 2017, the Group has acquired the entire equity interest in Primeview Technology Limited ("PVT"), whose principal activity is developing and selling software related applications which can be purchased by businesses to facilitate e-commerce of their products and services (the "E-commerce Business").

The revenue generated from the E-commerce Business for the year ended 31 March 2017 amounted to approximately HK$6,117,000 ("Revenue of E-commerce Business"). During the course of our audit, we were informed by the management of PVT that due to most of the communications between the staff of PVT and the customers were conducted verbally, the management did not maintain the supporting documents, in particular, relating to the final form of the user-interface. Accordingly, the directors of the Company were unable to provide us with the relevant supporting documents for the Revenue of E-commerce Business for the year ended 31 March 2017.

Due to lack of supporting documents of the Revenue of E-commerce Business, we were unable to obtain sufficient appropriate audit evidence relating to the Revenue of E-commerce Business included in the profit or loss of the Group. Specifically, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the occurrence of the Revenue of E-commerce Business recognised as revenue by the Group. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the Group's financial performance for the year ended 31 March 2017 and the related elements making up the consolidated statement of financial position as at 31 March 2017.

In addition, the Group has recognised certain advertising expenses amounting to approximately HK$21,426,000 and subsequently reversed the same during the year ended 31 March 2017. Due to the inconsistencies in the representation from the management in relation to the above advertising expenses, we were unable to satisfy ourselves regarding the occurrence and completeness of the advertising expenses. Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group's financial performance for the year ended 31 March 2017 and consequently, the Group's financial position as at 31 March 2017, and the related disclosures thereof in the consolidated financial statements.

(b) Scope limitation – Valuation and recoverability of goodwill and interests in subsidiaries, and related contingent liabilities

As mentioned above, during the year ended 31 March 2017, the Group has acquired the E-commerce Business. The details of the acquisition of PVT are set out in Note 30 to the consolidated financial statements. The goodwill arising from the acquisition of PVT, amounting to approximately HK$149,647,000, has been allocated to the E-commerce Business cash-generating unit ("E-commerce Business CGU").

In accordance with Hong Kong Accounting Standard 36 *Impairment of Assets*, the management carried out assessment of impairment of the Group's goodwill and the Company's interests in subsidiaries as at the reporting date. The impairment assessment has been performed by comparing the carrying amount and the recoverable amount of the E-commerce Business CGU. The recoverable amount of the E-commerce Business CGU has been determined based on a value in use calculation with reference to a professional valuation performed by an independent firm of professionally qualified valuers. The calculation uses cash flow projections based on financial budgets approved by the management (the "Cash Flow Projection"), the historical data and the management experience. As a result of the impairment assessment, impairment loss was recognised by the Group to write down the goodwill to its recoverable amount of HK$141,000,000. Details of which are set out in Note 17 to the consolidated financial statements.

However, as i) the E-commerce Business only commenced in 2014; ii) the management still experiences certain difficulties in executing the business plan, as budgeted, to achieve their targeted performance; and iii) under the circumstances of limited supporting information and documents to provide us with sufficient appropriate audit evidence regarding the occurrence of the Revenue of E-commerce Business recognised as revenue by the Group, we were unable to satisfy ourselves about the reasonableness of the assumptions made by the management and the feasibility of the business plan applied in the Cash Flow Projection.

In addition, as can be seen from Note 30 to the consolidated financial statements, no identifiable intangible assets, other assets or liabilities were identified during the purchase price allocation process, other than those already recognised as assets and liabilities by PVT prior to the acquisition date. Due to limited supporting information as described above, we were unable to satisfy ourselves about the reasonableness of the assumptions made by the management of the Group during the purchase price allocation process in arriving at the goodwill arising from the acquisition of PVT.

As a result, we were unable to satisfy ourselves as to whether the carrying amount of the Group's goodwill of approximately HK$141,000,000 and of the Company's interests in subsidiaries, which included the cost of investment in PVT amounting to approximately HK$160,000,000, as at 31 March 2017 and whether the impairment of goodwill of HK$8,647,000 recognised in the Group's profit or loss for the year ended 31 March 2017, were free from material misstatements. In addition, we were unable to satisfy ourselves as to whether the carrying amounts of the Group's other assets and liabilities were free from material misstatements due to non-recognition of identifiable assets and liabilities of PVT during the purchase price allocation process. Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group's and the Company's financial position as at 31 March 2017 and consequently, the Group's financial performance for the year then ended, and the related disclosures thereof in the consolidated financial statements.

In addition, as disclosed in Note 35 to the consolidated financial statements, PVT has not registered at the People's Republic of China local authority for its E-commerce Business (the "PRC Operating Registration Breach"). In this regard, the Group has disclosed the PRC Operating Registration Breach as contingent liabilities. However, the management of the Group is unable to provide us with appropriate evidence as to whether the contingent liabilities were properly assessed and accounted for.

We were unable to perform appropriate audit procedures to satisfy ourselves as to whether the contingent liabilities should have been provided for in the consolidated financial statements of the Group as at the date of acquisition and as at 31 March 2017. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the Group's financial performance for the year ended 31 March 2017, the related elements making up the consolidated statement of financial position as at 31 March 2017 and the related disclosures thereof in the consolidated financial statements.

(c) Scope limitation – Agency fee income

During the year ended 31 March 2017, the Group has made some sales of fashion accessories and considered that in substance the Group has been acting as an agent in these sales transactions ("Agency Fee Income"). Due to the directors of the Company considered that the Group fulfilled its responsibilities as an agent upon lining up the customers and suppliers, the management did not maintain any relevant supporting documents relating to the delivery and receipt of the goods. Accordingly, the directors were unable to locate the supporting documents for the Agency Fee Income for the year ended 31 March 2017. For the purpose of preparing the consolidated financial statements for the year ended 31 March 2017, there were Agency Fee Income of approximately HK$764,000 included as part of other income in the profit or loss.

Due to lack of supporting documents of the above, we were unable to obtain sufficient appropriate audit evidence and explanations in relation to the above Agency Fee Income included in the profit or loss of the Group for the year ended 31 March 2017, and the related net receivables of approximately HK$11,251,000 as at 31 March 2017 (the "Agency Fee Net Receivables"). Specifically, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, occurrence, valuation, ownership, classification, disclosures and presentation of the Agency Fee Income for the year ended 31 March 2017 undertaken by the Group. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the Group's financial performance for the year ended 31 March 2017 and the related elements making up the consolidated statement of financial position as at 31 March 2017.

In addition, we were also unable to satisfy ourselves about the classification and presentation of the corresponding figures of revenue and cost of sales amounting to approximately HK$45,958,000 and HK$44,910,000, respectively, for the year ended 31 March 2016 and trade receivables and trade payables of approximately HK$35,248,000 and HK$35,156,000, respectively, as at 31 March 2016, for the business segment of concurrent design manufacturing of fashion accessories.

(d) Scope limitation – Deposits paid for acquisition of the trademarks

Included in the non-current deposits as at 31 March 2017 was a deposit paid, amounting to approximately HK$31,000,000 (31 March 2016: HK$31,000,000), (the "Deposit") for the acquisition of trademarks (the "Trademarks") which were registered in the People's Republic of China (the "PRC") in relation to the retailing and distribution business. Pursuant to the agreement dated 27 August 2015 and supplemental agreements dated 24 June 2016 and 1 August 2016 entered into between the Group and the vendor (the "Vendor"), in the event that the titles of the Trademarks are not transferred to the Group, the Vendor shall refund the Deposit in full to the Group. As at 31 March 2017 and up to the date of the approval of the consolidated financial statements of the Group for the year ended 31 March 2017, titles of the Trademarks have not yet been transferred to the Group.

We were unable to obtain sufficient appropriate audit evidence regarding the impairment assessment of the Deposit performed by the management because there was insufficient documentary evidence available for us to satisfy ourselves as to the recoverability of the Deposit. Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group's financial position as at 31 March 2017 or 31 March 2016 and the Group's financial performance for the year then ended, and the related disclosures thereof in the consolidated financial statements.

(e) Scope limitation – Certain unknown other receivables and trade and other payables

Included in other receivables and trade and other payables as at 31 March 2016 were certain unknown other receivables amounting to approximately HK$2,698,000, trade payables amounting to HK$2,604,000 and other payables amounting to approximately HK$5,266,000 (collectively, the "Unknown Receivables and Payables"). During the year ended 31 March 2017, the management considered that the Unknown Receivables and Payables were no longer recoverable and payable, respectively. As a result, among the Unknown Receivables and Payables, the unknown other receivables and unknown trade and other payables have been fully written off as expenses and written back as income, respectively, and recorded as part of other gains and losses, net in the profit or loss during the year ended 31 March 2017 (the "Written Off and Written Back"). However, the management was unable to provide any relevant supporting documents and explanations relating to the Unknown Receivables and Payables. We were unable to obtain sufficient appropriate audit evidence regarding the Written Off and Written Back because we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the accuracy and occurrence of the Written Off and Written Back. Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group's financial position as at 31 March 2017 or 31 March 2016 and on the Group's financial performance for the year ended 31 March 2017.

In view of the above scope limitations identified, we were unable to determine the reliability of the management representations received by us and relied upon for our audit testing purposes in other areas of our audit procedures and hence of the audit evidence in general.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 28 June 2016.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 17 July 2017

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	14,847	46,907
Cost of sales		(9,016)	(45,335)
Gross profit		5,831	1,572
Other income	8	809	315
Other gains and losses, net	9	3,266	(6,992)
Gains on disposals of property, plant and equipment		–	70
Losses on disposals of investment properties		–	(3,613)
Net gains on disposals of subsidiaries	31	516	17
Selling and distribution expenses		(341)	(47,918)
Administrative expenses		(22,752)	(43,460)
Finance costs	10	(24)	(10)
Loss before income tax	11	(12,695)	(100,019)
Income tax expense	14	(1,695)	(11)
Loss for the year		(14,390)	(100,030)
Loss per share			
– Basic and diluted (HK$)	15	(0.004)	(0.040)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Loss for the year		**(14,390)**	(100,030)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,480**	1,156
Release of translation reserve upon disposals of subsidiaries	*31(b)*	**–**	(37)
Other comprehensive income for the year, net of income tax		**1,480**	1,119
Total comprehensive expense for the year		**(12,910)**	(98,911)

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*16*	**860**	885
Goodwill	*17*	**141,000**	–
Intangible assets	*18*	**–**	–
Deferred tax assets	*19*	**–**	–
Deposits paid	*20*	**53,552**	55,042
		195,412	55,927
CURRENT ASSETS			
Inventories	*21*	**88**	428
Trade and other receivables	*22*	**45,061**	39,503
Cash and bank balances	*23*	**44,152**	10,858
		89,301	50,789
CURRENT LIABILITIES			
Trade and other payables	*24*	**5,730**	48,745
Tax liabilities		**7,223**	101
Obligations under finance lease – current portion	*25*	**169**	160
		13,122	49,006
NET CURRENT ASSETS		**76,179**	1,783
TOTAL ASSETS LESS CURRENT LIABILITIES		**271,591**	57,710
NON-CURRENT LIABILITY			
Obligations under finance lease – non-current portion	*25*	**222**	391
NET ASSETS		**271,369**	57,319
CAPITAL AND RESERVES			
Share capital	*26*	**55,198**	25,698
Reserves		**216,171**	31,621
TOTAL EQUITY		**271,369**	57,319

Approved and authorised for issue by the board of directors on 17 July 2017.

Tse Hoi Chau
Director

Lin Shao Hua
Director

	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000 *(note (A))*	Translation reserve HK$'000	PRC statutory reserves HK$'000 *(note (B))*	Share-based payment capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 31 March 2015	24,746	714,462	(19,518)	17,379	8,641	13,572	(629,173)	130,109
Loss for the year	–	–	–	–	–	–	(100,030)	(100,030)
Other comprehensive income for the year, net of income tax	–	–	–	1,119	–	–	–	1,119
Total comprehensive income (expense) for the year	–	–	–	1,119	–	–	(100,030)	(98,911)
Issue of shares in respect of 2016 Placing *(as defined in Note 26(b))*	952	9,044	–	–	–	–	–	9,996
Transaction costs attributable to the issue of shares	–	(440)	–	–	–	–	–	(440)
Recognition of equity-settled share-based payments *(Note 28)*	–	–	–	–	–	16,565	–	16,565
As at 31 March 2016 and 1 April 2016	25,698	723,066	(19,518)	18,498	8,641	30,137	(729,203)	57,319
Loss for the year	–	–	–	–	–	–	(14,390)	(14,390)
Other comprehensive income for the year, net of income tax	–	–	–	1,480	–	–	–	1,480
Total comprehensive income (expense) for the year	–	–	–	1,480	–	–	(14,390)	(12,910)
Issue of shares in respect of Subscription *(as defined in Note 26(a))*	24,400	156,160	–	–	–	–	–	180,560
Issue of shares in respect of 2017 Placing *(as defined in Note 26(b))*	5,100	35,700	–	–	–	–	–	40,800
Transaction costs attributable to the issue of shares	–	(1,020)	–	–	–	–	–	(1,020)
Recognition of equity-settled share-based payments *(Note 28)*	–	–	–	–	–	6,620	–	6,620
Lapse of share options	–	–	–	–	–	(764)	764	–
Transfer to PRC statutory reserves	–	–	–	–	795	–	(795)	–
As at 31 March 2017	**55,198**	**913,906**	**(19,518)**	**19,978**	**9,436**	**35,993**	**(743,624)**	**271,369**

Notes:

A. OTHER RESERVES

The other reserves comprise of the following:

i. Restructuring reserve

The restructuring reserve of debit balance of approximately HK$19,615,000 (2016: HK$19,615,000) represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries comprising of the Group prior to the reorganisation of the Group in 2008.

ii. Legal reserve

Pursuant to the Macao Commercial Code, the Company's subsidiary incorporated in Macao is required to appropriate 25% of net profit to legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. At the end of reporting period, legal reserve of approximately HK$97,000 (2016: HK$97,000) is not distributable to equity holders of the Company.

B. PRC STATUTORY RESERVES

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

i. General reserve fund

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

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

ii. Enterprise expansion fund

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

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

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Loss before income tax	**(12,695)**	(100,019)
Adjustments for:		
Depreciation of property, plant and equipment	**401**	1,100
Depreciation of investment properties	**–**	118
Finance costs recognised in profit or loss	**24**	10
Interest income recognised in profit or loss	**(42)**	(13)
Net losses on disposals of investment properties	**–**	3,613
Net gains on disposals of subsidiaries	**(516)**	(17)
Loss (Gain) on disposals of property, plant and equipment	**7**	(70)
Written-off of property, plant and equipment	**–**	105
Impairment losses recognised in respect of goodwill	**8,647**	–
Impairment losses recognised in respect of other receivables	**–**	3,089
(Reversal of impairment losses) Impairment losses recognised in respect of inventories	**(8,032)**	2,709
Reversal of impairment losses recognised in respect of trade receivables, net	**(1,919)**	(458)
Written-off of other receivables	**2,698**	–
Written back of other payables	**(5,266)**	–
Written back of trade payables	**(2,604)**	–
Share-based payment expenses	**6,620**	16,565
Operating cash flows before changes in working capital	**(12,677)**	(73,268)
Decrease (Increase) in inventories	**8,372**	(428)
Decrease (Increase) in trade and other receivables	**11,433**	(22,797)
(Decrease) Increase in trade and other payables	**(34,915)**	23,826
Cash used in operations	**(27,787)**	(72,667)
Income taxes paid	**(28)**	(6)
NET CASH USED IN OPERATING ACTIVITIES	**(27,815)**	(72,673)
INVESTING ACTIVITIES		
Deposit paid for acquisition of trademarks	**–**	(31,000)
Deposit paid for acquisition of properties	**–**	(24,042)
Purchase of property, plant and equipment	**–**	(28)
Net proceeds on disposals of investment properties	**–**	4,827
Net proceeds on disposals of property, plant and equipment	**–**	70
Interest received	**42**	13
Acquisition of a subsidiary, net of cash acquired (Note 30)	**(159,071)**	–
Disposals of subsidiaries, net of cash disposed (Note 31)	**38**	(97)
NET CASH USED IN INVESTING ACTIVITIES	**(158,991)**	(50,257)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of shares	**221,360**	9,996
Transaction costs attributable to the issue of shares	**(1,020)**	(440)
Repayments of obligations under finance lease	**(160)**	(129)
Interest paid on obligations under finance lease	**(24)**	(10)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**220,156**	9,417
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**33,350**	(113,513)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**10,858**	122,822
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(56)**	1,549
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
represented by cash and bank balances	**44,152**	10,858

1. GENERAL INFORMATION

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

Pursuant to the special resolution passed at the extraordinary general meeting of the Company on 10 March 2017, the Company's name has been changed from "Artini China Co. Ltd. 雅天妮中國有限公司" to "Primeview Holdings Limited 領視控股有限公司".

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, retailing and distribution and concurrent design manufacturing ("CDM") of fashion accessories. Upon the completion of the acquisition of the entire equity interest in Primeview Technology Limited ("PVT") on 31 October 2016, the Group is also engaged in developing and selling software related applications which can be purchased by businesses to facilitate e-commerce of their products and services (the "E-commerce Business"). Details of the business combination are set out in Note 30. During the year, the Group has made some sales of fashion accessories and considered that in substance the Group has been acting as an agent in these sales transactions to earn agency fee income, which is included as part of other income.

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

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

The principal activities of its subsidiaries are set out in Note 36.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Application of new and revised HKFRSs – effective 1 April 2016

The Group has applied the following amendments to Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS") (collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Application of new and revised HKFRSs – effective 1 April 2016 *(continued)*

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation exception
Amendments to HKFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests
Annual Improvements Project	Annual Improvements to HKFRS 2012 – 2014 Cycle

The application of these amendments has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 7 Amendments	Disclosure Initiative[1]
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRSs Amendments	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]
HKAS 40 Amendments	Transfers of Investment Property[2]
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 Amendments	Clarification to HKFRS 15 Revenue Contracts with Customers[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]
HKFRS 16	Leases[3]
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of financial liability designated as fair value through profit or loss is presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 9 Financial Instruments (continued)

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's consolidated financial statements until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligations
- Step 5: Recognise revenue when the entity satisfies each performance obligation

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 Amendments – Clarification to Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

New and revised HKFRSs in issue but not yet effective *(continued)*

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until a detailed review has been completed.

Except for the above impact, the Directors do not anticipate that the application of the other new and revised HKFRSs will have significant impact on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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

Basis of consolidation

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

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

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs).

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

Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. For the purposes of impairment testing, goodwill 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.

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

Business combinations and goodwill *(continued)*

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those CGU or groups of CGUs. Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. If the recoverable amount of the CGU (or group of CGUs) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to the other assets of the CGU (or group of CGUs) on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a CGU (or group of CGUs), the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less accumulated impairments, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from E-Commerce Business represents the amounts billed for the transfer of rights to use the software and related services. This is recognised i) when the software is available for the customers to use; and ii) when the related services have been rendered, respectively.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Agency fee income is generally recognised when the risks and rewards of ownership of the goods have been passed to the buyer and measured at the net amount between the invoiced amount to the buyer and the invoiced amount charged by the vendor.

Leasing

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

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

The Group as lessee

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

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

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

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

Foreign currencies

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

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

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

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

Foreign currencies *(continued)*

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

Borrowing costs

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

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 28.

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

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

Share options granted to suppliers/consultants

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

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

Taxation

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

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

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

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

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

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised so as to write-off the cost of intangible assets over their estimated useful lives, using the straight-line method. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

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

Impairment on non-financial assets (other than goodwill)

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

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

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

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

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

Inventories

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

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

Provisions

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are being loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis.

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

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit terms of the customers, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables and obligations under finance leases) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

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

Financial instruments *(continued)*

Derecognition

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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Cash and cash equivalents

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

Related parties

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

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

    (ii) has significant influence over the Group; or

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

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

Related parties *(continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

Other than described below, the Directors have not come across any significant areas where critical judgements are involved in applying the Group's accounting policies.

a. Trading of fashion accessories

The Directors considered the nature and extent of the Group's involvement in the trading of fashion accessories and noted that its role was mainly making settlement for and on behalf of the buyers and acting as contact point between the buyers and suppliers. In the opinion of the Directors, in substance, the Group was acting as an agent in these sales transactions and accordingly recognised agency fee income in other income, based on the difference between the invoiced amounts of the sales and purchases.

Key sources of estimation uncertainty

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

a. Impairment of trade and other receivables

In determining individual impairment allowances, the Group periodically reviews its trade and other receivables to assess whether impairment allowances exist. In determining whether impairment allowances should be recorded in the consolidated statement of profit or loss, management estimates the present value of future cash flows which are expected to be received, taking into account the customers' financial situation and the net realisable value of the underlying collateral or guarantees in favour of the Group, if any.

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

Key sources of estimation uncertainty *(continued)*

b. Estimated impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the current year, an impairment loss on goodwill amounting to HK$8,647,000 has been recognised. Further details are set out in Note 17.

c. Deferred tax assets

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

d. Estimation of income taxes

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

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

Key sources of estimation uncertainty *(continued)*

e. Impairment of investments in subsidiaries

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

5. CAPITAL MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables:		
– Trade and other receivables	45,020	38,324
– Cash and bank balances	44,152	10,858
	89,172	49,182
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade and other payables	5,672	44,558
– Obligations under finance lease	391	551
	6,063	45,109

b. Financial risk management objectives and polices

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

6. FINANCIAL INSTRUMENTS *(continued)*

c. Market risk

The Group's activities expose it primarily to the market risks including interest rate risk (Note 6(c)(i)) and foreign currency risk (Note 6(c)(ii)).

i. Interest rate risk management

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

ii. Foreign currency risk management

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

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

	2017 **HK$'000**	2016 HK$'000
Assets		
United Stated Dollars ("US$")	**16,764**	36,917
Renminbi ("RMB")	**9,746**	5,944
Liabilities		
RMB	**9,203**	6,124
Net assets (liabilities)		
US$	**16,764**	36,917
RMB	**543**	(180)

6. FINANCIAL INSTRUMENTS *(continued)*

c. Market risk *(continued)*

ii. Foreign currency risk management *(continued)*

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

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

	Increase (decrease) in RMB rate	Increase (decrease) in post-tax loss
	%	HK$'000
Year ended 31 March 2017		
If HK$ weakens against RMB	**5**	**(18)**
If HK$ strengthens against RMB	**(5)**	**18**
Year ended 31 March 2016		
If HK$ weakens against RMB	5	9
If HK$ strengthens against RMB	(5)	(9)

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures do not reflect the exposure during the year ended 31 March 2017.

6. FINANCIAL INSTRUMENTS *(continued)*

d. Credit risk management

As at 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

As at 31 March 2017, the Group has concentration of credit risk as the Group's net trade receivables of HK$24,643,000 (2016: HK$41,220,000) of the carrying amounts of the Group's net trade receivables, representing 87.61% (2016: 78.58%) of such receivables, were derived from four customers in E-commerce segment with a total net trade receivables of HK$10,800,000 (2016: Nil), a customer in Retailing and Distribution segment with net trade receivables of HK$8,154,000 (2016: Nil) and three customers under common control with a total net trade receivables of HK$5,689,000 (2016: Nil). In order to minimise the credit risk, the management continuously monitor the level of exposure to ensure that follow up actions and/or corrective actions are taken promptly to lower exposure or even to recover the overdue debts. The Group has no significant concentration of credit risk on the remaining trade receivables, with exposure spread over a number of counterparties and customers.

The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables, if any, estimated by the Directors based on prior experience and their assessment of the current economic environment. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

6. FINANCIAL INSTRUMENTS *(continued)*

e. Liquidity risk management

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

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

	Weighted average interest rate % p.a.	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
At 31 March 2017					
Trade and other payables	–	4,437	–	4,437	4,437
Obligations under finance lease	2%	184	228	412	391
		4,621	228	4,849	4,828
At 31 March 2016					
Trade and other payables	–	44,558	–	44,558	44,558
Obligations under finance lease	2%	184	412	596	551
		44,742	412	45,154	45,109

f. Fair value measurement of financial instruments

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

7. REVENUE AND SEGMENT INFORMATION

a. Revenue

Revenue represents the net amounts received and receivables that are derived from (i) sales of goods to customers and (ii) sales from E-commerce Business (including sales of software and sales from providing related services) during the year.

b. Segment information

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

Specifically, the Group's reportable and operating segments were as follows:

Retailing and Distribution:	Sale of own brand fashion accessories
E-commerce Business:	Sales from developing and selling software related applications and provision of related services
CDM Sales:	Sale of the customer's chosen level of participation in the design process, concurrently working with the customers in designing the products and sales the same according to the customers' desired final design

7. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

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

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

	Retailing and Distribution (Mainland China) HK$'000	E-commerce Business HK$'000	CDM Sales HK$'000	Unallocated HK$'000	Consolidated HK$'000
Year ended 31 March 2017					
Revenue					
Segment revenue – external sales	8,730	6,117	–	–	14,847
Results					
Segment results	12,661	4,883	764*	–	18,308
Unallocated income					45
Unallocated other gains and losses, net					3,782
Unallocated expenses					(34,830)
Loss before income tax					(12,695)
Assets					
Segment assets	31,920	24,384	23,404		79,708
Unallocated assets				–	205,005
Total assets					284,713
Liabilities					
Segment liabilities	(51)	(11,053)	(530)		(11,634)
Unallocated liabilities				–	(1,710)
Total liabilities					(13,344)
Other information					
Depreciation of property, plant and equipment	151	64	–	186	401
Impairment losses on goodwill	–	–	–	(8,647)	(8,647)
Reversal of impairment losses recognised in respect of inventories	(8,032)	–	–	–	(8,032)
Reversal of impairment loss in respect of trade receivables	(144)	–	(1,775)	–	(1,919)
Written off of other receivables	2,599	–	80	19	2,698
Written back of other payable	(4,139)	–	(436)	(691)	(5,266)
Written back of trade payable	(2,604)	–	–	–	(2,604)
Net gains on disposals of a subsidiary	–	–	–	(516)	(516)

* There were only agency fee income recognised for the CDM Sales segment.

7. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

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

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

	Retailing and Distribution					
	Mainland China HK$'000	Hong Kong HK$'000	Sub-total HK$'000	CDM Sales HK$'000	Unallocated HK$'000	Consolidated HK$'000
Year ended 31 March 2016						
Revenue						
Segment revenue – external sales	949	–	949	45,958	–	46,907
Results						
Segment results	(7,444)	–	(7,444)	(61,444)	–	(68,888)
Unallocated income						385
Unallocated expenses						(31,516)
Loss before tax						(100,019)
Assets						
Segment assets						75,970
Unallocated assets						30,746
Total assets						106,716
Liabilities						
Segment liabilities	7,238	–	7,238	37,645	–	44,883
Unallocated liabilities						4,514
Total liabilities						49,397
Other information						
Depreciation of property, plant and equipment	928	77	1,005	–	95	1,100
Depreciation of investment properties	–	–	–	–	118	118
Impairment losses recognised in respect of trade receivables	173	–	173	2,274	–	2,447
Reversal of impairment losses recognised in respect of trade receivables	(92)	–	(92)	(2,813)	–	(2,905)
Impairment losses recognised in respect of other receivables	1,379	26	1,405	1,684	–	3,089
Impairment losses recognised in respect of inventories	2,709	–	2,709	–	–	2,709
Additions to property, plant and equipment	28	–	28	–	603	631
Gains on disposals of property, plant and equipment	–	–	–	–	(70)	(70)
Written-off of property, plant and equipment	105	–	105	–	–	105
Losses on disposals of investment properties	–	–	–	–	3,613	3,613
Net gains on disposals of a subsidiary	–	–	–	–	(17)	(17)

7. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

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

The accounting policies of the above reportable and operating segments are the same as the Group's accounting policies described in Note 3.

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales transactions between the Group's subsidiaries in the different segments during the years ended 31 March 2017 and 2016.

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

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

- All assets are allocated to reportable and operating segments other than goodwill, deferred tax assets, certain property, plant and equipment, other receivables, certain deposit paid and certain cash and bank balances.
- All liabilities are allocated to reportable and operating segments other than tax liabilities, certain other payables and obligations under finance lease.

ii. Geographical information

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

	2017 **HK$'000**	2016 HK$'000
Hong Kong and Macao	**800**	2,013
The PRC, other than Hong Kong and Macao	**14,047**	6,907
The United Arab Emirates	**–**	36,000
Europe	**–**	1,987
	14,847	46,907

7. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

ii. Geographical information *(continued)*

The following table provides an analysis of the Group's non-current assets, excluding deferred tax assets and financial instruments based on the geographical location of the assets:

	2017 HK$'000	2016 HK$'000
Hong Kong and Macao	141,772	634
The PRC, other than Hong Kong and Macao	53,640	55,293
	195,412	55,927

c. Information about major customers

The following table sets forth a breakdown of the Group's customers individually accounted for over 10% of the Group's total revenue during the year:

	Reportable and operating segments	2017 HK$'000	2016 HK$'000
Customer A	Retailing and Distribution	7,227	–
Customer B	E-commerce business	2,000	–
Customer C	E-commerce business	1,800	–
Customer D	CDM Sales	–	36,000

8. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Agency fee income	764	–
Interest income	42	13
Others	3	302
	809	315

9. OTHER GAINS AND LOSSES, NET

	2017 HK$'000	2016 HK$'000
Net exchange losses	**(3,210)**	(4,256)
Impairment losses on goodwill	**(8,647)**	–
Impairment losses recognised in respect of trade receivables	**–**	(2,447)
Impairment losses recognised in respect of other receivables	**–**	(3,089)
Reversal of impairment losses recognised in respect of inventories	**8,032**	–
Reversal of impairment losses recognised in respect of trade receivables	**1,919**	2,905
Written off of other receivables	**(2,698)**	–
Written back of other payables	**5,266**	–
Written back of trade payables	**2,604**	–
Written off of property, plant and equipment	**–**	(105)
	3,266	(6,992)

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on obligations under finance lease	**24**	10

11. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2017 HK$'000	2016 HK$'000
Staff costs (included directors' remuneration *(Note12(a))*:		
Salaries, wages and other benefits	**5,580**	6,616
Share-based payment expenses for the Directors and employees	**873**	4,427
Contributions to defined contribution retirement plans	**140**	287
	6,593	11,330
Cost of inventories recognised as an expense, including written-off of inventories of Nil (2016: HK$2,709,000)	**8,460**	45,335
Depreciation of property, plant and equipment	**401**	1,100
Depreciation of investment properties	**–**	118
Share-based payment expenses for consultants	**5,747**	12,138
Auditor's remuneration		
– Audit services	**850**	632
– Non-audit services	**42**	–
Operating lease charges in respect of office premises, shops and Directors' quarters	**801**	1,985

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

a. Directors' and chief executive's emoluments

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

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
For the year ended 31 March 2017					
Executive directors					
Mr. Tse Hoi Chau	–	2,600	18	175	2,793
Mr. Lin Shao Hua	–	390	–	175	565
Mr. Leung Yiu Cho *(note (ii))*	–	760	20	247	1,027
Ms. Yu Zhonglian *(note (iii))*	–	20	1	–	21
Independent non-executive directors					
Mr. Lau Fai Lawrence	120	600	–	–	720
Mr. Lau Yiu Kit	120	–	–	–	120
Mr. Zeng Zhaohui	120	–	–	–	120
	360	4,370	39	597	5,366
For the year ended 31 March 2016					
Executive directors					
Mr. Tse Hoi Chau	–	2,600	18	1,388	4,006
Mr. Lin Shao Hua	–	390	–	1,388	1,778
Non-executive director					
Ms. He Yun *(note (i))*	20	–	–	–	20
Independent non-executive directors					
Mr. Lau Fai Lawrence	120	–	–	–	120
Mr. Lau Yiu Kit	120	–	–	–	120
Mr. Zeng Zhaohui	120	–	–	–	120
	380	2,990	18	2,776	6,164

Notes:

i. Ms. He Yun was resigned as non-executive director on 23 April 2015.

ii. Mr. Leung Yiu Cho ("Mr. Leung") was appointed as executive director on 1 December 2016. During the year ended 31 March 2017, Mr. Leung has cancelled 671,400 shares of outstanding share options and before appointed as executive director, Mr. Leung received salaries, retirement benefit scheme contributions and share-based payments from the Group amounting to HK$480,000, HK$14,000 and HK$247,000 respectively.

iii. Ms. Yu Zhonglian was appointed as executive director on 1 February 2017.

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

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

Apart from the Directors, the Group has not classified any other person as a chief executive during the years ended 31 March 2017 and 31 March 2016.

During the years ended 31 March 2017 and 31 March 2016, no emoluments was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors has waived or agreed to waive any emoluments during the years ended 31 March 2017 and 31 March 2016.

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

b. Employees' emoluments

Of the five individuals with the highest emoluments, four (2016: two) are Directors for the year ended 31 March 2017, details of whose emoluments are included in the disclosure in Note 12(a) above.

The emoluments of the remaining individual (2016: three individuals) was/were as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	**182**	1,550
Retirement benefit scheme contributions	**6**	47
Share-based payments	**244**	1,651
	432	3,248

The emoluments of the individual (2016: these three individuals) with the highest emoluments is/are within the following band:

	2017	2016
Nil to HK$1,000,000	**1**	1
HK$1,000,000 to HK$2,000,000	**–**	2
	1	3

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

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

14. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Hong Kong Profits Tax		
– Current year	630	5
– Overprovision in prior years	(82)	(57)
	548	(52)
PRC Enterprise Income Tax ("PRC EIT")		
– Current year	1,147	–
Deferred tax		
– Current year (Note 19)	–	63
Income tax expense	1,695	11

Hong Kong Profits Tax is calculated at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2016: 25%) for the year.

Artini Macao Commercial Offshore Limited (formerly known as Arts Empire Macao Commercial Offshore Limited) was established as a Macao offshore company under the Macao Offshore Law and is exempted from Macao Complementary Tax. No provision for Macao Complementary Tax has been made in the consolidated financial statements as the relevant group entities incurred tax losses for the years ended 31 March 2017 and 31 March 2016.

14. INCOME TAX EXPENSE *(continued)*

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

	2017 HK$'000	2016 HK$'000
Loss before income tax	(12,695)	(100,019)
Tax calculated at the rate applicable to the tax jurisdictions concerned	(1,443)	(13,547)
Tax effect of expenses not deductible for tax purposes	11,182	19,486
Tax effect of income not taxable for tax purposes	(5,085)	(8,154)
Tax effect of deductible temporary differences not recognised	6	9
Write-down of deferred tax assets on temporary differences previously recognised	–	54
Utilisation of tax losses previously not recognised	(2,863)	–
Tax effect of tax losses not recognised	–	2,264
Overprovision in prior years	(82)	(57)
Tax effect of utilisation of tax losses previously not recognised	–	(29)
Others	(20)	(15)
Income tax expense	1,695	11

15. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year of approximately HK$14,390,000 (2016: HK$100,030,000) and the weighted average of approximately 3,647,430,000 (2016: approximately 2,527,703,000) ordinary shares of the Company in issue during the year.

The basic and diluted loss per share are the same for the years ended 31 March 2017 and 31 March 2016 as the exercise of outstanding share options during the years would have anti-dilutive effect on the loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost					
As at 1 April 2015	3,438	242	28	6,195	9,903
Exchange adjustments	(42)	(11)	–	(91)	(144)
Additions	4	24	–	603	631
Disposal of a subsidiary	(12)	(215)	–	–	(227)
Other disposals	–	–	–	(623)	(623)
Written-off	(1,344)	–	–	–	(1,344)
As at 31 March 2016	**2,044**	**40**	**28**	**6,084**	**8,196**
Exchange adjustments	**–**	**–**	**–**	**(109)**	**(109)**
Acquired on business combination *(Note 30)*	**–**	**475**	**–**	**–**	**475**
Other disposals	**–**	**–**	**(12)**	**–**	**(12)**
Written-off	**(150)**	**–**	**–**	**–**	**(150)**
As at 31 March 2017	**1,894**	**515**	**16**	**5,975**	**8,400**
Accumulated depreciation and impairments					
As at 1 April 2015	2,500	68	18	5,710	8,296
Exchange adjustments	(18)	(4)	–	(72)	(94)
Provided for the year	748	94	2	256	1,100
Eliminated on disposal of a subsidiary	(11)	(118)	–	–	(129)
Eliminated on other disposals	–	–	–	(623)	(623)
Written-off	(1,239)	–	–	–	(1,239)
As at 31 March 2016	**1,980**	**40**	**20**	**5,271**	**7,311**
Exchange adjustments	**–**	**–**	**–**	**(98)**	**(98)**
Acquired on business combination *(Note 30)*	**–**	**81**	**–**	**–**	**81**
Provided for the year	**64**	**64**	**1**	**272**	**401**
Eliminated on other disposals	**–**	**–**	**(5)**	**–**	**(5)**
Written-off	**(150)**	**–**	**–**	**–**	**(150)**
As at 31 March 2017	**1,894**	**185**	**16**	**5,445**	**7,540**
Carrying amounts					
As at 31 March 2017	**–**	**330**	**–**	**530**	**860**
As at 31 March 2016	64	–	8	813	885

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment after taking into account of their estimated residual values, are depreciated on a straight-line basis on the following basis:

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

As at 31 March 2017, the carrying amount of motor vehicle included an amount of approximately HK$442,000 (2016: HK$562,000) in respect of assets held under finance lease (Note 25).

17. GOODWILL

	HK$'000
Cost	
As at beginning of the year	–
Acquisition of a subsidiary *(Note 30)*	149,647
As at end of the year	–
Impairments	
As at beginning of the year	–
Impairment losses recognised in the year *(Note 9)*	8,647
As at end of the year	–
Carrying amount	
As at end of the year	141,000
As at beginning of the year	–

Goodwill arises from acquisition of PVT on 31 October 2016 (Note 30). The goodwill is allocated to the CGU of the E–commerce Business.

The goodwill is tested for impairment as at 31 March 2017 based on value in use calculation using cash flow projection and impairment losses of approximately HK$8,647,000 is being identified. The cash flow projection is based on the forecast approved by the Directors covering a period of 5 years and the pre–tax discount rate applied to the cash flow projection is 16.46% per annum, which reflects specific risk relating to the E–commerce Business. Growth rate used to extrapolate the cash flows beyond five year period is 3% per annum which reflects the long–term average growth rate of the E–commerce Business as forecasted by the Directors.

18. INTANGIBLE ASSETS

	Trademarks HK$'000	Licence rights HK$'000	Total HK$'000
Cost			
As at 1 April 2015, 31 March 2016 and **31 March 2017**	**1,840**	**14,048**	**15,888**
Accumulated amortisation and impairments			
As at 1 April 2015, 31 March 2016 and **31 March 2017**	**1,840**	**14,048**	**15,888**
Carrying amount			
As at 31 March 2017	–	–	–
As at 31 March 2016	–	–	–

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

The Group's licence rights with finite useful lives were amortised on a straight-line basis over period of the licence of three years.

19. DEFERRED TAXATION

The following are the Group's major deferred tax assets in respect of accelerated tax depreciation recognised and the movements thereon, during the current and prior years.

	HK$'000
As at 1 April 2015	(63)
Charged to profit or loss *(Note 14)*	63
As at 31 March 2016 and **31 March 2017**	**–**

As at 31 March 2017, the Group has deductible temporary difference of approximately HK$17,000 (2016: HK$19,000) in respect of impairment of trade and other receivables. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profit will be available which the deductible temporary differences can be utilised.

As at 31 March 2017, the Group has unused tax losses of approximately HK$69,373,000 (2016: HK$102,094,000) available for offsetting against future profits. No deferred tax assets have been recognised as certain entities of the Group have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses may be carried forwards indefinitely except for those tax losses amounting to HK$57,691,000 (2016: HK$90,413,000) will expire in the coming few years.

20. DEPOSITS PAID

	Notes	2017 HK$'000	2016 HK$'000
Deposits paid in respect of:			
– Acquisition of properties	*a*	22,552	24,042
– Acquisition of trademarks	*b*	31,000	31,000
		53,552	55,042

Notes:

a. Deposit paid in respect of acquisition of properties

The amount represents the deposit paid in respect of the acquisition of certain properties in the PRC. Pursuant to the Company's announcement dated 1 March 2016, Shenzhen Artini Hongli Enterprises Co. Ltd. ("CEPA", the "Purchaser"), an indirect wholly-owned subsidiary of the Company, and 河南大正投資置業有限公司 (Henan Dazhen Property Investment Company Limited, the "Seller") entered into the sale and purchase agreements (the "Properties Sale and Purchase Agreements") and pursuant to which, CEPA agreed to acquire and the Seller agreed to sell four properties located in Zhengzhou City, the PRC (the "Properties") to the Group for a total consideration of RMB20,000,000 (equivalent to approximately HK$22,552,000). Pursuant to the Properties Sale and Purchase Agreements, the Seller shall have applied for initial registration in respect of the Properties with governmental authorities by 31 July 2016 (and shall deliver the relevant building ownership certificate within 180 days of such registration), and shall deliver the Properties by 31 August 2016 in a completed state fitted with utilities. Where the Seller fails to deliver the Properties after 90 days from 31 August 2016, the Purchaser is entitled to terminate the relevant Properties Sale and Purchase Agreements for a refund together with compensation.

Subsequent to the reporting date, Properties Sale and Purchase Agreements have been terminated as the Seller failed to deliver the Properties by the stated deadline and the amount of deposit paid has been fully refunded to the Group.

Further details of the above transactions are set out in the Company's announcements dated 1 March 2016 and 16 June 2017.

b. Deposit paid in respect of acquisition of trademarks

The amount represents the deposit paid in respect of the acquisition of trademarks (the "Trademarks") which were registered in the PRC in relation to the retailing and distribution segment. During the year ended 31 March 2016, Instar International Co, Ltd, an indirectly wholly-owned subsidiary of the Company, agreed to acquire the Trademarks for a total consideration of HK$31,000,000 (equivalent to US$4,000,000). As at 31 March 2016 and 31 March 2017, the titles of the Trademarks have not yet been transferred to the Group and thus, the amount was classified as the "Deposits paid" in the Group's consolidated statement of financial position.

21. INVENTORIES

	2017 HK$'000	2016 HK$'000
Finished goods	88	428

A provision of HK$8,032,000 made in prior years against the carrying amount of finished goods have been reversed. This reversal arose due to sales of the fashion accessories products during the year.

22. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	43,384	52,455
Less: Allowances	(15,257)	(17,177)
Trade receivables, net	28,127	35,278
Rental deposits	144	250
Prepayments	41	–
Advances to staff	–	10
Receivable from disposals of subsidiaries *(Note 31)*	–	1,400
Other receivables, net of allowances	16,749	2,565
	16,934	4,225
	45,061	39,503

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

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

As at 31 March 2017, included in other receivables were receivables from two customers amounting to approximately HK$11,252,000 in relation to agency fee income and amounts due from two independent individuals amounting to HK$5,500,000. All these balances have been fully settled subsequent to the end of the financial reporting period.

The Group generally allows an average credit period of 30 to 180 days (2016: 30 to 90 days) to its customers. The ageing analysis of the Group's trade receivables presented (net of allowances) based on invoice date as at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	2017 HK$'000	2016 HK$'000
0 – 30 days	2,000	16,498
31 – 60 days	1,800	10,582
61 – 90 days	15,767	8,198
91 – 180 days	8,560	–
	28,127	35,278

22. TRADE AND OTHER RECEIVABLES *(continued)*

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	2017 HK$'000	2016 HK$'000
Within 30 days past due	**9,767**	–
31 – 60 days past due	**4,550**	–
91 – 180 days past due	**3,000**	–
181 – 365 days past due	**7,010**	–
	24,327	–

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

	2017 HK$'000	2016 HK$'000
As at beginning of the year	**17,177**	17,677
Allowances	**–**	2,447
Reversal of provision for impairment	**(1,919)**	(2,905)
Disposal of a subsidiary	**–**	(2)
Exchange adjustments	**(1)**	(40)
As at end of the year	**15,257**	17,177

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

Moreover, there were certain unknown receivables amounting to approximately HK$2,698,000 written off, recognised, as part of other gains and losses, net, due to the directors of the Company considered these unknown receivables were no longer recoverable.

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

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

	2017 HK$'000	2016 HK$'000
US$	**–**	35,248
RMB	**–**	30

23. CASH AND BANK BALANCES

	2017 HK$'000	2016 HK$'000
Cash and bank balances	44,152	10,858

As at 31 March 2017, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.213% (2016: 0.001% to 0.6%) per annum.

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

	2017 HK$'000	2016 HK$'000
Currency:		
RMB	750	4,430

24. TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	779	37,820
Receipts in advance	57	4,176
Value-added tax and other tax payables	1,236	11
Payrolls and staff cost payables	201	12
Other payables	3,457	6,726
	5,730	48,745

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit term of 30 to 90 days (2016: 30 to 90 days).

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

	2017 HK$'000	2016 HK$'000
Within 3 months	88	35,156
Over 1 year	691	2,664
	779	37,820

During the year ended 31 March 2017, the directors of the Company identified certain unknown trade payables and unknown other payables, amounting to approximately HK$2,604,000 and HK$5,266,000, respectively, and considered these unknown trade and other payables were no longer payable. As a result, a written back of trade payables and a written back of other payables of approximately HK$2,604,000 and HK$5,266,000, respectively, were recognised to other gains and losses, net for the year ended 31 March 2017.

25. OBLIGATIONS UNDER FINANCE LEASE

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

	2017		2016	
	Present value of minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of minimum lease payments HK$'000	Total minimum lease payments HK$'000
Amount payables under finance lease:				
– Within one year	**169**	**184**	160	184
– Within a period of more than one year but not more than two years	**177**	**183**	169	184
– Within a period of more than two years but not more than five years	**45**	**45**	222	228
	391	**412**	551	596
Less: Total future finance charges	**–**	**(21)**	–	(45)
	391	**391**	551	551
Less: Amount due for settlement within one year shown under current liabilities	**(169)**		(160)	
Amount due for settlement after 12 months	**222**		391	

The Group's obligations under finance lease are secured by the leased assets as set out in Note 16.

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

26. SHARE CAPITAL

	2017		2016	
	Number of shares	Amount	Number of shares	Amount
	'000	HK$'000	'000	HK$'000
Ordinary shares of par value HK$0.01 each				
Authorised:				
As at beginning and end of the year	30,000,000	300,000	30,000,000	300,000
Issued and fully paid:				
As at beginning of the year	2,569,840	25,698	2,474,640	24,746
Issue of shares in respect of Subscription *(note a)*	2,440,000	24,400	–	–
Issue of shares in respect of Placing *(note b)*	510,000	5,100	95,200	952
As at end of the year	5,519,840	55,198	2,569,840	25,698

The movements of the authorised and issued share capital of the Company during the current and prior years are as follows:

a. Issue of shares in respect of the Subscription

On 13 April 2016, the Company entered into a subscription agreement with Walifax Investments Limited (the "Subscriber", a company incorporated in the British Virgin Islands and is beneficially wholly-owned by Mr. Tse Hoi Chau, an executive Director, the chairman and chief executive officer of the Company) for issuing a total of 2,440,000,000 new shares of the Company at the subscription price of HK$0.074 per subscription share (the "Subscription"). On 31 October 2016, the Subscription has been completed.

Among the net proceeds of HK$180,560,000 from the Subscription, HK$160,000,000 was utilised for the acquisition of PVT as detailed in Note 30.

Further details of the Subscription are set out in the Company's announcements dated 13 April 2016, 4 May 2016, 25 May 2016, 15 June 2016, 30 June 2016, 11 August 2016, 7 September 2016, 29 September 2016 and 31 October 2016 and the Company's circular dated 17 August 2016.

26. SHARE CAPITAL *(continued)*

b. Issue of shares in respect of the Placing

For the year ended 31 March 2017

On 26 January 2017, the Company entered into a placing agreement with a placing agent to place 510,000,000 placing shares with the par value of HK$0.01 each at a price of HK$0.08 per placing share to certain independent placees (the "2017 Placing"). The 2017 Placing has been completed on 16 February 2017.

Details of the 2017 Placing were disclosed in the Company's announcements dated 26 January 2017 and 16 February 2017.

For the year ended 31 March 2016

On 27 August 2015, the Company entered into a placing agreement with a placing agent to place 95,200,000 placing shares with the par value of HK$0.01 each at a price of HK$0.105 per placing share to certain independent placees (the "2016 Placing"). The 2016 Placing has been completed on 10 September 2015.

Details of the 2016 Placing were disclosed in the Company's announcements dated 27 August 2016 and 10 September 2015.

All the new shares issued during the two years ended 31 March 2017 and 31 March 2016 rank pari passu with the then existing shares of the Company in all respects.

27. RETIREMENT BENEFIT SCHEMES

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

The Group participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. For member of the MPF Scheme, the Group contributes 5% or HK$1,500 in maximum of relevant payroll costs to the scheme, which contribution is matched by employees.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the current and prior years are disclosed in Note 11.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

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

Name of category of participant	Particulars	Date of grant	Exercise price HK$	Exercise period	Number of share options: Outstanding as at beginning of the year	Lapsed during the year	Cancelled during the year	Outstanding as at end of the year
Year ended 31 March 2017								
Directors								
Mr. Tse Hoi Chau	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	–	6,671,400
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	–	–	10,000,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	–	–	10,000,000
Mr. Lin Shao Hua	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	–	6,671,400
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,000,000	–	–	10,000,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,000,000	–	–	10,000,000
Mr. Leung Yiu Cho	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	(671,400)	6,000,000
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	500,000	–	–	500,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	500,000	–	–	500,000
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	7,500,000	–	–	7,500,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	7,500,000	–	–	7,500,000
Employees	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	300,000	(300,000)	–	–
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	300,000	(300,000)	–	–
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	8,500,000	(7,500,000)	–	1,000,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	8,500,000	(7,500,000)	–	1,000,000
Others								
– Consultants	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	33,357,000	–	–	33,357,000
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	10,100,000	–	–	10,100,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	10,100,000	–	–	10,100,000
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	112,100,000	–	–	112,100,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	112,100,000	–	–	112,100,000
– Others	Tranche J *(note (b))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	–	6,671,400
					378,042,600	(15,600,000)	(671,400)	361,771,200
Weighted average exercise prices					0.1997	0.1487	0.4709	0.2014

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

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

Name of category of participant	Particulars	Date of grant	Exercise price HK$	Exercise period	Number of share options: Outstanding as at 1 April	Granted during the year	Outstanding as at 31 March
Year ended 31 March 2016							
Directors							
Mr. Tse Hoi Chau	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	6,671,400
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	–	10,000,000	10,000,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	–	10,000,000	10,000,000
Mr. Lin Shao Hua	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	6,671,400
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	–	10,000,000	10,000,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	–	10,000,000	10,000,000
Employees	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	6,671,400
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	–	800,000	800,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	–	800,000	800,000
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	–	16,000,000	16,000,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	–	16,000,000	16,000,000
Others							
– Consultants	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	33,357,000	–	33,357,000
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	–	10,100,000	10,100,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	–	10,100,000	10,100,000
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	–	112,100,000	112,100,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	–	112,100,000	112,100,000
– Others	Tranche J *(note (a))*	28 March 2014	0.4709	28 March 2014 to 27 March 2019	6,671,400	–	6,671,400
					60,042,600	318,000,000	378,042,600
Weighted average exercise prices					0.4709	0.1485	0.1997

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

Notes:

a. Pursuant to the Company's announcement on 28 March 2014, a total of 108,000,000 share options to subscribe for ordinary shares of HK$0.10 each of the Company were granted to certain eligible participants, including the directors and employees of the Company and the consultants under the share option scheme adopted by the Company on 23 April 2008. Details of the share options granted are as follows:

Date of grant:	28 March 2014
Exercise price of share options granted:	HK$0.2618 per share
Number of share options granted:	108,000,000 share options
Closing price of the share on the date of grant:	HK$0.231
Exercise periods:	28 March 2014 to 27 March 2019

Each of the share option shall entitle the holder of the share option to subscribe for one share upon exercise of such share option at an exercise price of HK$0.2618 per share, which represents the higher of (i) the closing price of HK$0.231 per share as stated in the daily quotations sheet issued by the Stock Exchange on 28 March 2014, being the date of grant (the "Date of Grant 2014"); (ii) the average closing price of HK$0.2618 per share as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the Date of Grant 2014; and (iii) the nominal value of the share of HK$0.10 each in the capital of the Company.

As at 31 March 2017, the options outstanding granted on 28 March 2014 had an exercise price of HK$0.4709, after the adjustment of Share Consolidation and Open Offer (2016: HK$0.4709).

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

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

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

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

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

Notes: (continued)

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

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

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

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

As at 31 March 2017, the outstanding options granted on 28 March 2014 had an exercise price of HK$0.4709 (2016: HK$0.4709 (after the adjustment of Share Consolidation and Open Offer)) and a weighted average remaining contractual life of 1.99 years (2016: 2.99 years).

As at 31 March 2017, the outstanding options granted on 9 July 2015 had an exercise price of HK$0.147 and a weighted average remaining contractual life of 3.27 years (2016: 4.27 years).

As at 31 March 2017, the outstanding options granted on 27 November 2015 had an exercise price of HK$0.1488 and a weighted average remaining contractual life of 3.66 years (2016: 4.66 years).

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

Share-based payment expenses of approximately HK$6,620,000 (2016: HK$16,565,000) has been included in the consolidated statement of profit or loss for the year ended 31 March 2017 which gave rise to a share-based payment capital reserve and details are summarised as following:

i. During the year ended 31 March 2016, the fair value of the share options granted to the Directors and employees of the Company was estimated at approximately HK$5,676,000. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The Group recognised the total expense of approximately of HK$872,000 (2016: HK$4,427,000) for the year ended 31 March 2017 in relation to the share options granted to the Directors and employees of the Company.

ii. During the year ended 31 March 2016, the fair value of the share options granted to the consultants was estimated at approximately HK$17,886,000. In the opinion of the Directors, in view of the fair value of the service received from the consultants could not be estimated reliably by the Company, the fair value of the service received from the consultants was measured indirectly by reference to the fair value of the share option granted to the consultants and accordingly, the fair value was estimated at approximately HK$17,886,000. The Group recognised the total expense of approximately HK$5,748,000 (2016: HK$12,138,000) for the year ended 31 March 2017 in relation to the share option granted to the consultants.

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

Notes: (continued)

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

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

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

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

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

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

As at 31 March 2017, the Company had 362,442,600 (2016: 378,042,600) share options outstanding under the share option scheme. The exercise in full of the remaining share options under the present capital structure of the Company, would result in issue of 362,442,600 (2016: 378,042,600) additional ordinary shares of the Company and additional share capital of approximately HK$3,624,000 (2016: HK$3,780,000) and share premium of approximately HK$29,977,000 (2016: HK$71,701,000) (before the cost of issuance).

29. OPERATING LEASE COMMITMENTS

a. Operating leases

The Group as lessee

	2017 HK$'000	2016 HK$'000
Minimum lease payments paid under operating leases during the year in respect of office premises, shops and Directors' quarters	**801**	1,985

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**753**	918
In the second to the fifth years, inclusive	**171**	518
	924	1,436

Operating lease payments represent rentals payable by the Group for the Group's office premises, shops and Directors' quarters. Leases are negotiated for lease terms ranging from one to two years (2016: one to four years) at inception, with an option to renew the lease at the expiry date or at dates mutually agreed between the Group and the landlord.

30. BUSINESS COMBINATION

Acquisition of the entire equity interests of PVT

On 31 October 2016, Artini Sales Company Limited ("ACL"), a wholly-owned subsidiary of the Company, completed the acquisition of the entire equity interest in PVT from Stand Charm Limited ("Stand Charm") and Dragon Max Enterprises Limited ("Dragon Max") (collective referred to as the "Vendors") for an aggregate consideration of HK$160,000,000 (the "Acquisition"). The principal business of PVT is engaged in developing and selling software related applications which can be purchased by businesses to facilitate e-commerce of their products and services.

Further details of the above transactions are set out in the Company's announcements dated 13 April 2016, 4 May 2016, 25 May 2016, 15 June 2016, 30 June 2016, 17 August 2016, 7 September 2016, 29 September 2016 and 31 October 2016, and the circular of the Company dated 17 August 2016.

The fair value of the identifiable assets and liabilities of PVT as at the date of Acquisition and the corresponding carrying amounts immediately before the Acquisition are as follows:

	Carrying amount HK$'000	Fair value HK$'000
Property, plant and equipment	382	394
Trade and other receivables	17,827	17,827
Cash and cash equivalents	929	929
Trade and other payables	(3,342)	(3,342)
Income tax payable	(5,455)	(5,455)
Net assets acquired	10,341	10,353
Goodwill		149,647
Purchase consideration		160,000
Net cash outflow arising on the Acquisition:		
Cash consideration		(160,000)
Cash and cash equivalents		929
		(159,071)

The Acquisition of PVT is for the diversification of the Group's business and the managements considered goodwill arising from the Acquisition is attributable to the knowledge and experience of PVT's management which is valuable to the development and expansion of the E-commerce Business.

Revenue generated by PVT since the date of its Acquisition up to 31 March 2017 amounted to HK$6,117,000 and it made an operating profits of HK$4,485,000 during that period. Had the Acquisition taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been approximately HK$31,472,000 and HK$10,732,000 respectively. The cost of the Acquisition is immaterial.

31. DISPOSAL OF SUBSIDIARIES

a. Disposal of Alfreda International Company Limited ("Alfreda")

On 10 March 2016, the Group entered into a sale and disposal agreement with two independent third parties (the "Acquirers") and pursuant to which, the Group disposed of the entire equity interests in Alfreda for a consideration of MOP50,000 (equivalent to HK$49,000). Alfreda is a private limited liability company incorporated in Macao and being inactive. The disposal of Alfreda was completed on 6 April 2016.

Consideration transferred

	HK$'000
Consideration received	49

The net liabilities of Alfreda disposed of during the year were as follows:

	HK$'000
– Trade and other receivables	8
– Amounts due from group companies	49
– Cash and cash equivalents	11
– Trade and other payables	(535)
Total identifiable net liabilities disposed of	(467)
Gain on disposals of a subsidiary	516
Total consideration received	49

Net cash inflow arising on the disposal of Alfreda

	HK$'000
Cash consideration	49
Less: Cash and cash equivalents disposed of	(11)
	38

31. DISPOSAL OF SUBSIDIARIES *(continued)*

b. Disposal of Guangzhou Artini Strategic Sales Co., Ltd. ("GAL")

On 18 March 2016, the Group entered into a sale and disposal agreement with an independent third party and pursuant to which, the Group disposed of the entire equity interests in GAL for a consideration of HK$1,400,000. GAL is a private limited liability company incorporated in the PRC which was a former wholly owned subsidiary of the Company. The consideration was recorded as a receivable as at 31 March 2016.

Consideration transferred

	HK$'000
Consideration recorded as receivable *(Note 22)*	1,400

The net assets of GAL disposed of during the year were as follows:

	HK$'000
Net assets disposed of:	
– Property, plant and equipment	98
– Inventories	806
– Trade and other receivables	1,294
– Amounts due from group companies	81,953
– Cash and cash equivalents	97
– Trade and other payables	(875)
– Amounts due to group companies	(93,259)
Total identifiable net liabilities disposed of	(9,886)
Cumulative exchange differences in respect of the net liabilities of GAL reclassified from equity to profit or loss upon the disposals of GAL	(37)
Waiver of amounts due from/to GAL – net	11,306
Gain on disposal of a subsidiary	17
Total consideration recorded as receivable *(Note 22)*	1,400

Net cash outflow arising on the disposal of GAL

	HK$'000
Cash consideration	–
Less: Cash and cash equivalents disposed of	(97)
	(97)

32. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

a. Balances with related parties

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

b. Key management personnel remuneration

During the years ended 31 March 2017 and 31 March 2016, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2017	2016
	HK$'000	HK$'000
Short-term employee benefits:		
Salaries and other benefits	**5,236**	4,920
Post-employment benefits:		
Share-based payments	**841**	4,427
Retirement benefit scheme contributions	**58**	65
	6,135	9,412

The remuneration of the key management personnel is determined with reference to the performance of individuals and market trends.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		**56,679**	58,792
CURRENT ASSETS			
Cash and bank balances		**29,491**	1,573
CURRENT LIABILITIES			
Amounts due to subsidiaries		**14,822**	17,845
Other payables		**1,168**	2,585
		15,990	20,430
NET CURRENT ASSETS (LIABILITIES)		**13,501**	(18,857)
NET ASSETS		**70,180**	39,935
CAPITAL AND RESERVES			
Share capital		**55,198**	25,698
Reserves	*a*	**14,982**	14,237
TOTAL EQUITY		**70,180**	39,935

Approved and authorised for issue by the board of directors on 17 July 2017.

Tse Hoi Chau
Director

Lin Shao Hua
Director

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

Note a:

Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000 *(note below)*	Share-based payment capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2015	714,462	133,424	13,572	(703,059)	158,399
Loss and total comprehensive expense for the year	–	–	–	(169,331)	(169,331)
Issuance of shares upon 2016 Placing *(Note 26(b))*	9,044	–	–	–	9,044
Transaction costs attributable to the issue of shares	(440)	–	–	–	(440)
Recognition of equity-settled share-based payments *(Note 28)*	–	–	16,565	–	16,565
As at 31 March 2016 and 1 April 2016	723,066	133,424	30,137	(872,390)	14,237
Loss and total comprehensive expense for the year	–	–	–	(196,715)	(196,715)
Issue of share in respect of Subscription *(as defined in Note 26(a))*	156,160	–	–	–	156,160
Issuance of shares upon 2017 Placing *(Note 26(b))*	35,700	–	–	–	35,700
Transaction costs attributable to the issue of shares	(1,020)	–	–	–	(1,020)
Recognition of equity-settled share-based payments *(Note 28)*	–	–	6,620	–	6,620
Lapse of share options	–	–	(764)	764	–
As at 31 March 2017	**913,906**	**133,424**	**35,993**	**(1,068,341)**	**14,982**

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

34. EVENTS AFTER REPORTING PERIOD

Termination of the acquisition of properties

On 31 May 2017, CEPA has entered into a termination agreement with 河南大正投資置業有限公司 (the "Vendor") to terminate the acquisition of properties and a full refund of the purchase price was made in June 2017. Further details of the above termination are set out in the Company's announcement date 16 June 2017.

Investment in PRC properties project

On 22 May 2017 and 1 June 2017, the Group has entered into memorandums of understanding with Hai Chong Poultry Development Limited ("Hai Chong") and Chun Yip Enterprises Limited ("Chun Yip") respectively, to setup a project company for PRC properties investment projects. Hai Chong and Chun Yip are independent third parties to the Group incorporated in Hong Kong. In May and June 2017, the Group has paid an aggregate amount of approximately HK$14 million deposits to Hai Chong and Chun Yip in relation to those PRC properties investment projects.

On 26 June 2017 and 3 July 2017, the Group has entered into termination agreements with Chun Yip and Hai Chong respectively. In accordance to the termination agreements, both the Group and Chun Yip or Hai Chong were agreed to terminate the PRC properties investment projects and the deposits paid had been fully refunded to the Group.

35. CONTINGENT LIABILITIES

In relation to the E-commerce Business, PVT has not registered at the PRC local authority for the E-commerce Business (the "PRC Operating Registration Breach") and has not filed and paid the EIT, value added tax and other relevant taxes (the "PRC Tax Filing Breach"). The Directors are assessing remedial measure such as using another PRC subsidiary of the Group as the operating vehicle for the E-commerce Business. According to the relevant PRC rules and regulations, the PRC Operating Registration Breach would result in all related revenue, amounting to HK$32,421,000, being forfeited and/or a fine ranging from RMB50,000 to RMB500,000 whereas the PRC Tax Filing Breach would result in a fine ranging from 50% to 500% of the unpaid taxes. With reference to a PRC legal advice, the Directors considered that i) the PRC Operating Registration Breach would not result in all related revenue being forfeited but it would be probable to result in paying an immaterial fine; and ii) the PRC Tax Filing Breach would not result in fine.

36. SUBSIDIARIES

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

Name of company	Place of incorporation/ establishment	Place of operation	Percentage of equity attributable to the Company 2017 %	Percentage of equity attributable to the Company 2016 %	Proportion of voting power held by the Company 2017 %	Proportion of voting power held by the Company 2016 %	Issued and fully paid-up/registered capital	Principal activities
Directly held by the Company								
Artist Star International Development Limited	British Virgin Islands ("BVI")	Hong Kong	100	100	100	100	1,000 ordinary shares of US$1 each	Investment holding
Indirectly held by the Company								
Alfreda Int'l Co. Ltd *(Note a)*	Macao	Macao	–	100	–	100	MOP 50,000	Inactive
Artini International Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK$300,000	Retailing of fashion accessories
Artini Macao Commercial Offshore Limited	Macao	Macao	100	100	100	100	MOP 200,000	Trading of fashion accessories and related raw materials
Artini Sales Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Trading of fashion accessories
Artist Empire Jewellery Mfy. Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100	Inactive
Artist Empire Silver Jewellery Mfy. Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Inactive
China Regent Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK$1	Inactive
Gain Trade Enterprise Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100	Provision of management services
Gentleman Investments Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Inactive
Instar International Company Limited	BVI	Hong Kong	100	100	100	100	100 ordinary shares of US$1 each	Investment holding
JCM Holding Company	BVI	Hong Kong	100	100	100	100	500 ordinary shares of US$1 each	Investment holding
Keon Company Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000	Provision of logistics services
King Erich International Development Limited	BVI	Hong Kong	100	100	100	100	300 ordinary shares of US$1 each	Investment holding
King Land Limited	Hong Kong	Hong Kong	100	100	100	100	HK$100	Trading of fashion accessories
Riccardo International Trading Limited	BVI	Hong Kong	100	100	100	100	700 ordinary shares of US$1 each	Investment holding
Shenzhen Artini Hongli Enterprises Co., Ltd. *(Note b)*	The PRC	The PRC	100	100	100	100	HK$200,000,000	Retailing of fashion accessories
Primeview Technology Limited	Hong Kong	The PRC	100	–	100	–	HK$170,000	Developing and selling software related to e-commerce

36. SUBSIDIARIES *(continued)*

The following list contains the particular of the Company's subsidiaries, all are private limited liability company and the class of shares held is ordinary unless otherwise stated: (continued)

Notes:

a. During the year ended 31 March 2017, the Group disposed of this entity.

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

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

Primeview Holdings Limited
領視控股有限公司