Primeview Holdings Limited
領視控股有限公司

(Incorporated in the Bermuda with limited liability)

Stock Code : 789

2017/18
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tse Hoi Chau *(Chairman & Chief Executive)*
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

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

Ms. Ho Wing Yan

AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau
Ms. Ho Wing Yan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

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

LEGAL ADVISERS

As to Hong Kong law

Michael Li & Co.
19/F., Prosperity Tower
No.39 queen's Road Central
Central
Hong Kong

Fairbairn Catley Low & Kong
23/F Shui On Centre
6-8 Harbour Road
Hong Kong

As to Bermuda law

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

AUDITOR

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

SHARE REGISTRARS

Principal share registrar and transfer office

MUFG Fund Services (Bermuda) Limited
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 the board (the "Board") of directors (the "Directors") of Primeview Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018 (the "Year") to all shareholders of the Company (the "Shareholders").

RESULTS

During the Year, the Group recorded a total revenue of approximately HK$59,719,000 (2017: HK$14,847,000), representing an increase of approximately 302.2% as compared to last financial year. Gross profit was approximately HK$21,073,000 (2017: HK$5,831,000) for the Year and loss for the Year amounted to approximately HK$145,039,000 (2017: HK$14,390,000).

BUSINESS REVIEW

The Group's main businesses are broadly divided into (i) fashion accessories businesses and (ii) software businesses.

Fashion Accessories Businesses

The fashion accessories businesses mainly comprise of retail and distribution segment and integrated fashion accessories platform segment.

The Group's retail and distribution segment mainly focused on the operation of retail distribution network to sell fashion accessories under its own brand name of "Artini" in the People's Republic of China (the "PRC"). Due to the change in customers' shopping behavior in the PRC and to minimise incurring of fixed costs in operating brick and mortar shops, in recent years the Group has gradually shifted its business strategy in the fashion accessories businesses from operating physical retail shops to distribution via other channels such as online platforms. During the year ended 31 March 2017, the Group closed down all its retailing points. During the Year, the Group did not generate revenue from the retail and distribution segment as compared to that of approximately HK$8,730,000 during the year ended 31 March 2017 for a one-off sale of the remaining obsolete inventories to wholesalers.

Although the retail and distribution business had gradually diminished operations, the management of the Group remained confident about the fashion accessories industry and believed that a shift of its mode of selling fashion accessories products in response to the modern shopping patterns is the key to the revitalisation of the fashion accessories businesses. In October 2017, the Group acquired the entire equity interests in Viennois Online Limited and 廣州唯亞智能科技有限公司 (Guangzhou Wei Ya Smart Technology Limited*) (collectively "Online Platform Group"). The Online Platform Group is principally engaged in the business of operating online platforms providing fashion jewellery products listing services to business customers all over the world. Subsequent to this acquisition, the Group commenced its business of integrated fashion accessories platform segment, and this new business segment brought approximately HK$51,320,000 revenue to the Group during the Year.

* *for identification purpose only*

Software Businesses

In October 2016, the Group acquired the entire equity interest in Primeview Technology Limited ("PVT"), and started the software businesses of developing and selling of software related applications. The software businesses further comprise of e-commerce segment and software sales segment. The e-commerce segment mainly focus on development and sale of tailor-made software related applications which can be purchased by businesses to facilitate distribution of their products and services via e-commerce, while the software sales segment mainly represented the development and sale of standard software related applications to the Group's customers in the fashion accessories businesses who were in need of those standard software for the development of their business. Total revenue for the whole software businesses of the Year was approximately HK$8,399,000 (2017: HK$6,117,000).

PROSPECTS

Since the acquisition of the Online Platform Group during the Year, the Group decided to allocate more resources on the development of the integrated fashion accessories platform segment which was expected to generate more revenue and with larger potential growth, the Group will shift most of its available resources on hand from the software businesses to the integrated fashion accessories platform business. In order to strengthen the business relationships with its customers, the Company has entered into various master purchase agreements with its major customers whereby these customers have made purchase commitments of the online platforms the Group operates. The Group will keep exploring and launching new types of services and provide wider variety of products to customers and develop different digital marketing channels to reach a broader geographical spread of customers.

Moving forward, the Group plans to further diversify the existing business stream of the fashion accessories businesses by introducing a line of business which involves tailor-made fashion accessories products according to customers' specifications. The preliminary business model involves (i) receiving orders from customers (including retailers, resellers and end-customers), (ii) designing the products by the Group's designers, and (iii) procuring suppliers to produce the products for delivery to customers. The Group is currently lining up its team of designers, sourcing fashion accessories suppliers as strategic partners, and contacting potential customers.

The fashion accessories businesses remain the focus of the Group's development plan and the Group will continue to evaluate the current business strategies and explore suitable business opportunities including but not limited to other online and offline distribution channels to create and nurture new profit growth drivers which in time will bring sustainable and stable development to the Group, and in return safeguard the interest of the Shareholders.

APPRECIATION

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

TSE HOI CHAU
Chairman

Hong Kong, 29 June 2018

Five-Year Financial Highlights

(All amounts in HK$ thousands unless otherwise stated)

	For the year ended 31 March				
	2018	2017	2016	2015	2014
Revenue	**59,719**	14,847	46,907	77,707	173,236
Gross profit (loss)	**21,073**	5,831	1,572	(18,688)	18,215
Loss from operations (Note 1 below)	**(143,136)**	(12,671)	(100,009)	(88,824)	(104,232)
Loss for the year	**(145,039)**	(14,390)	(100,030)	(90,990)	(108,320)
Non-current assets	**34,858**	195,412	55,927	10,571	51,161
Current assets	**122,994**	89,301	50,789	145,491	74,937
Current liabilities	**25,604**	13,122	49,006	25,953	66,547
Net current assets	**97,390**	76,179	1,783	119,538	8,390
Total assets less current liabilities	**132,248**	271,591	57,710	130,109	59,551
Total equity	**132,180**	271,369	57,319	130,109	59,403
Gross profit (loss) margin (%)	**35.3**	39.3	3.4	(24.1)	10.5
(Loss) margin (%)	**(242.9)**	(96.9)	(213.2)	(117.1)	(62.5)
Basic and diluted loss per share (HK$) (Note 2 below)	**(0.026)**	(0.004)	(0.040)	(0.080)	(0.175)
Current ratio (X)	**4.8**	6.81	1.04	5.61	1.13
Return on equity (%)	**(109.7)**	(5.3)	(174.5)	(69.9)	(182.3)
Return on assets (%)	**(91.9)**	(5.1)	(93.7)	(58.3)	(85.9)

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 has been restated due to a share consolidation of the Company which took place during the year ended 31 March 2015.

MANAGEMENT RESPONSE TO THE AUDITOR'S QUALIFIED OPINION

Details of the audit qualifications and their impact on the Group's financial position

The consolidated financial statements of the Group for the Year were subject to a qualified opinion issued by BDO Limited ("BDO") in relation to the (i) revenue of e-commerce business, (ii) valuation and recoverability of goodwill and interests in subsidiaries relating to e-commerce business; and (iii) agency fee income.

(i) Revenue of e-commerce business

During the year ended 31 March 2017, the Group acquired the entire equity interest in PVT, and generated HK$6,117,000 revenue from the e-commerce business segment subsequent to the acquisition of PVT. Since most of the business was conducted via verbal communication between the staff of PVT and the customers, there were insufficient paper documents as evidence of such revenue recognised during the year ended 31 March 2017 for audit purposes. BDO considered that there might be brought forward effect for the possible cut-off error on the HK$6,117,000 revenue from the e-commerce business, hence they could not ascertain the comparability of the current year's figures and the corresponding figures.

In addition, during the year ended 31 March 2017, the Group had entered into several advertising contracts and recognised certain advertising expenses amounting to approximately HK$21,426,000. The Group was not satisfied with the advertisement designs of the product samples and due to the change in its business strategies, these advertising contracts were then terminated and the advertising expense previously recognised were reversed in the same year. There was no accounting record of cash outflow of the Group in respect of these advertising expenses. The Group did provide the relevant advertising and termination contracts to BDO, however BDO considered such documents alone did not provide sufficient audit evidence and hence they could not ascertain the comparability of the corresponding figures.

There were no similar revenue and expenses occurred during the Year subsequent to the cessation of the e-commerce business segment, and all the trade receivables arising from the e-commerce business were subsequently received by the Group during the Year. After the management's discussion and communication with BDO, the Company was given to understand that such audit qualification would no longer have any carry forward effect to the Group's financial statements for the year ending 31 March 2019 and hence no impact to the Group's financial statements in future.

(ii) Valuation and recoverability of goodwill and interests in subsidiaries relating to the e-commerce business

A goodwill of HK$149,647,000 was recognised upon the acquisition of PVT during the year ended 31 March 2017 of which HK$8,647,000 impairment loss on goodwill was recognised in the same year, and allocated to the e-commerce business cash-generating unit ("CGU"). An independent professional valuer was engaged to assess the recoverable amounts of the said CGU, which were determined based on a value in use calculation with reference to a 5-year cash flow projection (the "2017 Impairment Review"). The 5-year cash flow projection as at 31 March 2017 was prepared based on financial budgets approved by the management on the view that the Group was still targeting on the development of the new e-commerce business and believed it to be the driving force of the revenue of the Group.

Although there was no qualified opinion in relation to the carrying value of goodwill arising from the e-commerce business CGU as at 31 March 2018, BDO was unable to ascertain the reasonableness of the assumptions made by the management and the feasibility of the business plan applied in the cash flow projection in relation to the 2017 Impairment Review. As a result, they considered any adjustment to the carrying amount of the e-commerce business goodwill as at 31 March 2017 would affect the amount of impairment loss of goodwill to be recognised during the Year.

During the Year, the e-commerce business was inactive upon the departure of the PVT's management. The Group then re-examined its business strategies, and determined to cease the e-commerce business and to allocate its available resources to the development of the new integrated fashion accessories platform business. The Group carried out the impairment assessment of goodwill and fully wrote off the remaining goodwill arising from the e-commerce business, amounted to HK$141,000,000, and the carrying amount of related goodwill decreased to zero as at 31 March 2018.

After the management's discussion and communication with BDO, the Company was given to understand that such audit qualification would not have any carry forward effect to the Group's financial statements for the year ending 31 March 2019 and hence no impact to the Group's financial statements in future.

(iii) Agency fee income

During the year ended 31 March 2017, the Group had made some sales of fashion accessories and considered that in substance the Group was acting as an agent in those sales transactions by lining up the customers and suppliers, and the Group did not therefore maintain the relevant documents relating the delivery and receipt of the goods. HK$764,000 was recognised during the year ended 31 March 2017 as agency fee income from the abovementioned transactions. BDO considered that there was no sufficient audit evidence in relation to these agency fee income and the related net receivables of approximately HK$11,251,000 as at 31 March 2017, hence they could not ascertain the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

There was no similar agency fee income occurred during the Year, and all the related net receivables were subsequently settled. After the management's discussion and communication with BDO, the Company was given to understand that such audit qualification would not have any carry forward effect to the Group's financial statements for the year ending 31 March 2019 and hence no impact to the Group's financial statements in future.

Management & Audit Committee's view towards the qualifications

After knowing that these audit qualifications would not be carried forward or affect the Group's future financial statements, the management accepted the audit qualifications. The audit committee of the Company (the "Audit Committee") had also reviewed and agreed with the management's position regarding these audit qualifications.

Proposed plans to address the qualifications

The Board would like to emphasise that no audit qualifications were made by BDO in respect of the financial position of the Group as at 31 March 2018, and the abovementioned audit qualifications of the Year were not expected to have any carry forward effect to the Group's financial statements for the year ending 31 March 2019.

In addition, during the Year, the Group did implement a number of internal control measures to ensure that proper accounting record and supporting documents would be kept for each transactions incurred. The Group has also engaged KLC Transactions Limited ("KLC") to perform an internal control review to enhance the procedures and systems of the Group with a view to preventing the recurrence of such or similar audit qualifications on the financial statements of the Group in future. As usual, the Group will continue to co-operate and assist the auditors in their audit work on the Group business.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year amounted to approximately HK$59,719,000 (2017: HK$14,847,000), representing an increase of approximately 302.2% from that of 2017. The increase in the Group's revenue during the Year was mainly attributable to the additional turnover from the new integrated fashion accessories platform segment of approximately HK$51,320,000, offset with the decrease in the revenue from the retail and distribution segment of approximately HK$8,730,000. Details of which are as set out under the section headed "Business Review" on pages 5 and 6 of this report.

Cost of sales

The Group's cost of sales for the Year was approximately HK$38,646,000 (2017: HK$9,016,000), representing an increase of approximately 328.6%. The increase in cost of sales is in line with the increase in the Group's revenue.

Other gains and losses

The Group's other gains and losses for the Year was losses of approximately HK$141,656,000 (2017: gains of approximately HK$3,266,000). The changes from gains in last financial year to losses in current year was primarily due to the impairment losses on goodwill of approximately HK$141,000,000 recognised during the Year. For details, please refer to the below section headed "Impairment of goodwill arising from e-commerce business CGU".

Selling and distribution expenses

The Group's selling and distribution expenses for the Year was approximately HK$3,681,000 (2017: HK$341,000), representing an increase of approximately 979.5%. The increase in the Group's selling and distribution expenses during the Year was mainly attributable to the large sum of distribution costs such as logistics and shipping costs and the marketing and promotion expenses for the new integrated fashion accessories platform segment in the Year, and is in line with the increase in the Group's revenue.

Administrative expenses

The Group's administrative expenses for the Year was approximately HK$18,917,000 (2017: HK$22,752,000), representing a decrease of approximately 16.9%. The decrease in the Group's administrative expenses was mainly due to the absence of the share-based payment expenses for consultants incurred during the year ended 31 March 2017 of approximately HK$5,747,000.

Loss for the Year

As a result of the foregoing, the Group's loss for the Year was approximately HK$145,039,000 (2017: HK$14,390,000).

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (2017: Nil).

IMPAIRMENT OF GOODWILL ARISING FROM E-COMMERCE BUSINESS CGU

As at 31 March 2017, the Group recognised a goodwill arising from the acquisition of PVT of approximately HK$141,000,000, such goodwill has been allocated to the CGU of the e-commerce business segment. During the Year, the Group has performed annual assessment of impairment of goodwill based on the recoverable amount of the e-commerce business CGU.

During the Year, the e-commerce business was inactive upon the departure of the PVT's management. The Group then re-examined its business strategies, and determined to cease the e-commerce business and to allocate its available resources to the development of the new integrated fashion accessories platform business. The Group carried out the impairment assessment of goodwill and fully wrote off the remaining goodwill arising from the e-commerce business, amounted to HK$141,000,000 as the recoverable amount of the CGU is less than its carrying amount and the management does not expect PVT to operate at a profit in the foreseeable future. The carrying amount of related goodwill decreased to zero as at 31 March 2018.

The estimated recoverable amount of the CGU is determined from fair value less cost of disposal calculation by reference to the valuation carried out by an external independent valuer by using market approach. The valuer assumed that the carrying amount of the PVT's current assets and current liabilities were almost equal to their fair value, and it is considered that the recoverable amount of the CGU of the e-commerce business as a whole was approximately HK$13,000,000, which is HK$141,000,000 less than its carrying amount. Except for the goodwill, the major assets of the CGU of the e-commerce business was cash and bank balances, property, plant and equipment, and receivables from fellow subsidiaries, which recoverable amounts were almost the same as their carrying amounts, therefore, no impairment loss on the other assets was recognised.

CAPITAL STRUCTURE

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

FOREIGN EXCHANGE EXPOSURE

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

CHARGES ON ASSETS

As at 31 March 2018 and 2017, the Group did not have any charges on its assets.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ONLINE RETAIL PLATFORM BUSINESS

On 18 October 2017, the Board announced that China Regent Investments Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with Mr. Tse Chi Ho (the "Vendor") for the acquisition of the Online Platform Group, which are wholly-owned by the Vendor at consideration of HK$2.5 million (the "Acquisition").

The Vendor, is the son of Mr. Tse Hoi Chau, an executive Director and the chairman of the Board and the controlling shareholder of the Company, and Ms. Yu Zhonglian, an executive Director. The Vendor is also the nephew of Mr. Lin Shao Hua, an executive Director.

The Vendor is an associate of Mr. Tse Hoi Chau, who is a connected person of the Company under Rule 14A.07 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and accordingly the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Besides, as one of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition were more than 5% but less than 25% and the total consideration being less than HK$10,000,000, Acquisition constituted a discloseable transaction and connected transaction which is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of Acquisition has been set out in the announcement of the Company dated 18 October 2017.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this report, the Group had no significant investments held and no material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year. The Group continues to seek opportunities to acquire and cooperate with international customers in order to generate better returns for its Shareholders. In addition, the Board will decide what the best available source of funding is for investments and acquisitions when suitable opportunities arise.

EMPLOYEES AND EMOLUMENTS

As at 31 March 2018, the Group had 27 employees (2017: 14), and the total staff cost including Directors' emoluments amounted to approximately HK$6,978,000 (2017: HK$6,593,000). To enhance the expertise, product knowledge, marketing skills and overall operational management skills of its employees, the Group organised regular training and development courses for its employees, and provided them with a competitive remuneration package, including salary, allowance, insurance, commission and bonus. Meanwhile, in order to create a harmonious and family-like working atmosphere, the Group emphasises on communication with employees and continually developing paths for staff promotion.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group generally financed its operations with internally generated resources and its own working capital. As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$45,033,000 (2017: HK$44,152,000). As at 31 March 2018 and 2017, there was no undrawn general banking facilities available to the Group, and the Group did not have any outstanding borrowing. The Group monitors its capital structure on the basis of gearing ratio, which is calculated as total liabilities over total equity. The gearing ratio of the Group was approximately 19.4% as at 31 March 2018 (2017: approximately 4.9%).

CAPITAL COMMITMENTS

As at 31 March 2018 and 2017, the Group did not have any significant capital commitments.

OPERATING LEASE COMMITMENTS

The Group's operating lease commitments are primarily related to the leases of its office premises, and amounted to approximately HK$4,149,000 and HK$924,000 as at 31 March 2018 and 2017, respectively.

CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group had no significant contingent liabilities.

EVENTS AFTER REPORTING PERIOD

Up to the date of this annual report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Year.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The business operations and results of the Group may be affected by various factors, some of which are beyond the Group's control, the following summarised the principal risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not presently known to the Group or are currently regarded as immaterial but may adversely affect the Group in future.

Stable customers order

During the Year, revenue generated from the top five customers of the integrated fashion accessories platform business accounted for approximately 43.8% of the total revenue of the segment. If the business relationship between the Group and any of the major customers deteriorates or any of these major customers reduces its purchases from the Group substantially, the business and results of operations of the Group may be adversely affected.

Most of the Group's revenue from the integrated fashion accessories platform business was generated from customers in Russia and America, which accounted for approximately 76.5% of the total revenue of the segment during the Year. Should there be any material adverse change in the political, economic or social conditions in these two regions, the turnover and profitability of the Group's business may be adversely affected.

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

In order to strengthen the business relationships with the major customers, the Group has entered into master purchase agreements with a number of major customers, whereby the customers have made committed orders for the Group. In addition, the Group will put efforts to expand the overseas market and reach a broader geographical spread of customers to reduce reliance on specific regions. The Group will also continue to review the competitive edges of the Group in the industry and track the changing customers tastes and preferences and market trends to maintain the competitiveness of the Group.

Customers' satisfaction of the products' quality and delivery time

The Group has limited control over the operations of the suppliers. Also, the delivery of products to the customers may be uncertain as it is largely dependent on the delivery time of the suppliers. Any shortage of supply of products or failure to meet the agreed delivery time or quality and standard of products by the suppliers will expose the Group to the risks.

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

The Group conducts review and assessment on the Group's suppliers periodically to ensure stable supply source of products. In order to establish stable and reliable business relationships with the major suppliers and secure stable supplies of goods, the Group has entered into long-term framework agreements with its major suppliers where the suppliers have made commitment on the minimum amount of goods to be made available to the Group. The Group also established a set of factory qualification assessment standards to require each supplier to conduct regular qualification review. In the event that the Group identify any suppliers whose qualification level is not up to standard, actions will be taken to replace those suppliers.

Direct interactions between the suppliers and customers

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

The Group does not provide brand name of the fashion accessories products or suppliers' information on its online platforms in order to avoid direct interaction between the suppliers and the customers. However, the Group cannot assure that the customers would not be able to identify the suppliers of the products they ordered from the online platforms and proceed to order from the suppliers directly without going through the online platforms.

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

Customers

The Group delivers products and services to customers all over the world, of which approximately 76.5% of the total sales for the Year were generated from customers located in Russia and America. Through years of operating the fashion accessories business, the Group has established a wide and loyal customer base in the industry. Some of these customers who have acquainted with the senior management members of the Group for a long time, have started purchasing from the online platforms and became major customers of the integrated fashion accessories platform business. The Group keeps a key customer database for direct communications with these key customers and prompt notification of different types of promotions and sales campaign. The Group normally offers them a credit term of 30 days and the best available discounts on the online platform. In addition to recurring customers, the Group also sources new global customers through digital marketing such as different search engine, coupled with traditional market means such as participating in physical exhibitions.

Suppliers

During the Year, the purchases from the top five suppliers of the integrated fashion accessories platform business accounted for approximately 98.6% of the total purchase for the Year. These suppliers are fashion accessories manufacturers and all of them are based in the PRC. In order to established stable and reliable business relationships with the major suppliers and secure stable supplies of goods, the Group has entered into long-term framework agreements with its major suppliers where the suppliers would make commitment on the minimum amount of goods to be made available to the Group. The Group offer short settlement time to these suppliers which is normally within 30 days and in return, the suppliers often offer discounts to the wide variety of products.

Employees

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to maintaining the long term sustainability of the environment and devoted to building an environmentally friendly corporation. The Group implements policies and practices to achieve resources conservation, energy saving and waste reduction, so as to minimise its impact on the environment. Details please refer to the Environmental, Social and Governance Report which to be published by October 2018.

SUBSCRIPTION OF NEW SHARES BY CONTROLLING SHAREHOLDER

On 13 April 2016, the Company entered into a subscription agreement with Walifax Investments Limited (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 2,440,000,000 subscription shares at the price of HK$0.074 per subscription share (the "Subscription"), raising gross proceeds and net proceeds of approximately HK$181 million and HK$178 million respectively.

The net price for each subscription share was approximately HK$0.073. The closing price per ordinary share as quoted on the Stock Exchange on 13 April 2016, being the date of the subscription agreement was HK$0.101.

The Board is of the view that the Subscription is the most appropriate means of raising additional capital to finance the cash consideration for the acquisition of issued shares of PVT and to increase the working capital.

The Group intends to apply approximately HK$160 million of the net proceeds from the Subscription to finance the cash consideration for the acquisition of issued shares of PVT and to use approximately HK$18 million of the net proceeds from the Subscription as the general working capital of the Group.

Details of the Subscription has been set out in the announcements of the Company 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 circular of the company dated 17 August 2016.

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

Use of proceeds from Subscription	**Intended use of net proceeds from Subscription (Approximate)**	**Unutilised net proceeds from Subscription as at 31 March 2017 (Approximate)**	**Utilised net proceeds from Subscription for the Year (Approximate)**	**Unutilised net proceeds from Subscription as at 31 March 2018 (Approximate)**
Finance the cash consideration for the acquisition of issued shares of PVT	HK$160 million	–	–	–
General working capital of the Group	HK$18 million	HK$4 million	HK$4 million	–

PLACING OF NEW SHARES

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

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

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

The Directors intended to apply the net proceeds of the Placing as to approximately HK$27.8 million (or 70% of the net proceeds from the Placing) for development of such software applications and/or mobile gaming applications, and/or acquire related technological company(ies) that would reinforce the Group's e-commerce sales and until so utilised, the Directors intended to deposit such proceeds with authorised financial institutions. Approximately HK$11.9 million (or 30% of the net proceeds from the Placing) would be used as marketing and promotion for the mobile gaming applications.

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

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

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

Use of proceeds from Placing	Intended use of net proceeds from Placing (Approximate)	Unutilised net proceeds from Placing as at 31 March 2017 (Approximate)	Utilised net proceeds from Placing for the Year (Approximate)	Unutilised net proceeds from Placing as at 31 March 2018 (Approximate)
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	HK$27.8 million	HK$27.8 million	–
Marketing and promotion for the mobile gaming applications	HK$11.9 million	HK$11.9 million	–	HK$11.9 million

The unutilised net proceeds from Placing as at 31 March 2018 were deposited with Hong Kong licensed banks. During the Year, the Group utilised proceeds from Placing of HK$27.8 million for entering into several agreements with independent third parties for the development of software applications in relation to the e-commerce business. However, these contracts were ultimately terminated and all the contract sums were subsequently returned to the Group after the Year.

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

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

Biographical Details of Directors

DIRECTORS

Executive Directors

Mr. TSE Hoi Chau, aged 51, was appointed as the Chairman, an executive Director and a member of each of the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company on 10 December 2012 and was further appointed as chief executive of the Company 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 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 58, 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. Mr. Lin is the brother-in-law of Mr. Tse Hoi Chau, the Chairman of the Board, the chief executive of the Company and an executive Director.

Mr. LEUNG Yiu Cho, aged 39, joined the Company as its chief financial officer in December 2013 and has overseen the Company's investment functions since October 2015. He was appointed as executive Director on 1 December 2016. 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 GEM of the Stock Exchange and an independent non-executive director of CAA Resources Limited (Stock Code: 2112) which listed on the Main Board of the Stock Exchange.

Ms. YU Zhonglian, aged 51, joined the Group in September 2015 and is responsible for the Group's marketing operations and human resources management. She was appointed as executive Director on 1 February 2017. 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 of the Company and an executive Director.

Independent Non-executive Directors

Mr. LAU Fai Lawrence, aged 46, was appointed as independent non-executive Director on 23 April 2008. He is also the chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee. 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 (Stock Code: 418) and Peking University Resources (Holdings) Company Limited (previously known as EC-Founder (Holdings) Company Limited) (Stock Code: 618), 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 a non-executive director of Alltronics Holdings Limited (Stock Code: 833) since March 2017, all of which are listed on the Stock Exchange.

Mr. LAU Yiu Kit, aged 58, was appointed as independent non-executive Director on 1 December 2010. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. 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 (Stock Code: 1192) 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 Dafy Holdings Limited (previously known as FDB Holdings Limited) (Stock code: 1826), which listing was transferred from GEM to the Main Board of the Stock Exchange in July 2017 and resigned from that position on 12 January 2018.

Mr. ZENG Zhaohui, aged 47, was appointed as independent non-executive Directors on 1 October 2014. He is also the chairman of the Remuneration Committee, a member of each of the Audit Committee and the Nomination Committee. 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.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules. Save as disclosed below, the Company has complied with all the provisions in the CG Code during the year ended 31 March 2018.

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

The Board considers that the vesting of the roles of chairman of the Board and chief executive 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 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 2018.

BOARD OF DIRECTORS

Composition

As at 31 March 2018, the Board comprised four executive Directors and three independent non-executive Directors. The composition of the Board during the year ended 31 March 2018 and up to the date of this report are as follows:

Executive Directors

Mr. Tse Hoi Chau *(Chairman & Chief Executive)*
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

The biographical details of all current Directors are set out on pages 20 to 22 of this annual report. Save as disclosed in this annual report, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board.

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

FUNCTIONS OF THE BOARD

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

BOARD MEETINGS AND BOARD PRACTICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Name of the Directors	Number of Board meetings attended/held	Number of annual general meeting attended/held
Executive Directors		
Mr. Tse Hoi Chau	9/9	1/1
Mr. Lin Shao Hua	9/9	1/1
Mr. Leung Yiu Cho	9/9	1/1
Ms. Yu Zhonglian	9/9	1/1
Independent Non-executive Directors		
Mr. Lau Fai Lawrence	9/9	1/1
Mr. Lau Yiu Kit	9/9	1/1
Mr. Zeng Zhaohui	9/9	1/1

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

CHAIRMAN AND CHIEF EXECUTIVE

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

The Board considers that vesting the roles of chairman of the Board and chief executive 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 if and when necessary.

NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a term of three years commencing on 29 June 2018. Their terms of appointment shall be subject to the rotational retirement provision of the Bye-laws.

DELEGATION OF POWERS

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

During the Year, the Company has provided regulatory updates for the Directors 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 is summarised below:

Directors	Updating on new rules and regulations
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 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 2018, 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, risk management and internal control systems of the Group; (iv) reviewing the confidential arrangements that employees of the Company may use to report and by way of facilitating the above-mentioned duties; and (v) considering and identifying risks of the Group and considering the effectiveness of the Group's decision making processes in crisis and emergency situation and approving major decision affecting the Group's risk profit and exposures.

During the Year, eight 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)	8/8
Mr. Lau Yiu Kit	8/8
Mr. Zeng Zhaohui	8/8

During the Year, the Audit Committee has held meetings with the Company's auditor to discuss the auditing, risk management, internal control systems, the effectiveness of the internal audit function and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the Year and the interim financial report for the six months ended 30 September 2017, including the accounting principles and practice adopted by the Group.

REMUNERATION COMMITTEE

Composition

The Remuneration Committee was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2018, 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 goals and objectives, as well as making recommendation on the remuneration of non-executive Directors. It is also responsible for ensuring no Directors or any of his/her associates can be involved in deciding his/her own remuneration and all provisions regarding the disclosure of remuneration including pensions as set out in the relevant provisions of the Listing Rules are fulfilled.

During the Year, two Remuneration Committee meeting were held and details of the members' attendance of the Remuneration Committee meeting are as follows:

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

For the year ended 31 March 2018, the Remuneration Committee reviewed the remuneration packages of all Directors and senior management.

Remuneration Policy for Directors and Senior Management

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

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

The Company has adopted the share option scheme on 23 April 2008 (the "Share Option Scheme"). 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 was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at 31 March 2018, 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, one Nomination Committee meeting was held and details of the members' attendance of the Nomination Committee meeting are as follows:

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

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

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, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Auditor's Remuneration

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

Type of Services	HK$'000
Audit services	1,100
Non-audit services related to resumption of trading in the shares of the Company	700
	1,800

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

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

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

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

During the Year, the Group has also engaged KLC as its internal control consultant to perform an internal control review to enhance the procedures and systems 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.

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

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

Shareholders' Right

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

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

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

Pursuant to Bye-law 58 of the Bye-laws, Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's principal place of business in Hong Kong at Unit D, 16/F., Eton Building, 288 Des Voeux Road Central, Sheung Wan, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

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

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

COMPANY SECRETARY

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

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

Report of the Directors

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the principal subsidiaries of the Company are set out in note 36 to the consolidated financial statements.

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

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 37.7% (2017: 74.3%) of the total sales. The top five suppliers accounted for approximately 98.6% (2017: 100%) of the total purchases for the Year. In addition, the Group's largest customer accounted for approximately 9.7% (2017: 48.7%) of the total sales and the Group's largest supplier accounted for approximately 62.1% (2017: 46.7%) of the total purchases for the Year.

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

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section of "Chairman's Statement" on pages 4 to 6, "Five-Year Financial Highlights" on page 7, and "Management Discussion and Analysis" on pages 8 to 19 of this annual report.

FINANCIAL STATEMENTS

The loss of the Group for the Year and the state of the Company's and the Group's affairs as at 31 March 2018 are set out in the Financial Statements on pages 50 to 120 respectively.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out on page 52 and the note 32 to the consolidated financial statements respectively.

CHARITABLE DONATIONS

The Group did not make charitable donation during the Year (2017: Nil).

FIXED ASSETS

Details of the movements in fixed assets during the Year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

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

DIRECTORS

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

Executive Directors

Mr. Tse Hoi Chau *(Chairman & Chief Executive)*
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

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

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

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

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

As at 31 March 2018, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

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

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying ordinary shares held pursuant to share options	Approximate percentage of the issued share capital as at 31 March 2018
Tse Hoi Chau	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)	0.40%

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 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 2015 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

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

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

As at 31 March 2018, 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 2018
Walifax Investments Limited (Note)	Beneficial interest	3,525,267,988	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 2018, 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.

EQUITY-LINKED AGREEMENT

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

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 28 September 2017, 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 359,771,200 shares, representing approximately 6.52% 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 under the Share Option Scheme are as follows:

Name of category	Date of grant share options	Number of share options: Outstanding as at 01.04.2017	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding at 31.03.2018	Validity period of share options		Exercise price (HK$)
Directors										
Tse Hoi Chau	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	(Note 2)	0.1470
Lin Shao Hua	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	(Note 2)	0.1470
Leung Yiu Cho	28.03.2014	6,000,000	–	–	–	–	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	(Note 2)	0.1470
	27.11.2015	15,000,000	–	–	–	–	15,000,000	27.11.2015-26.11.2020	(Note 3)	0.1488
Employees										
In aggregates	27.11.2015	2,000,000	–	–	(2,000,000)	–	–	27.11.2015-26.11.2020	(Note 3)	0.1488
Other participants										
In aggregate	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	(Note 2)	0.1470
	27.11.2015	224,200,000	–	–	–	–	224,200,000	27.11.2015-26.11.2020	(Note 3)	0.1488
		361,771,200	–	–	(2,000,000)	–	359,771,200			

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) A maximum of 50% of the total number of share options granted to the grantees may be exercisable immediately after the date of grant. The remaining 50% of the total number of share options granted to the guarantees may be exercisable after 8 July 2016.

(3) A maximum of 50% of the total number of the share options granted to the grantees may be exercisable immediately after the date of grant, and the remaining 50% of the total number of the share options granted to the grantees may be exercisable after 26 November 2016.

(4) 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.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

INDEMNITY OF DIRECTORS

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

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51(B) of the Listing Rules, the changes of information on Directors for the Year are as follows:

Mr. Leung Yiu Cho has been appointed as an independent non-executive director of CAA Resources Limited (Stock Code: 2112) which listed on the Main Board of the Stock Exchange on 21 August 2017.

Mr. Lau Yiu Kit resigned as an independent non-executive director of Dafy Holdings Limited (previously known as FDB Holdings Limited) (Stock Code: 1826) which listed on the Main Board of the Stock Exchange on 12 January 2018.

Remuneration of Mr. Tse Hoi Chau has been revised from HK$200,000 per month to HK$100,000 per month with effect from 1 November 2017.

Remuneration of Mr. Lin Shao Hua has been revised from HK$30,000 per month to HK$10,000 per month with effect from 1 August 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 24 to the Financial Statements.

FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 7 of this annual report.

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFIT SCHEMES

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year 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.

CHANGE OF COMPANY NAME

By a special resolution passed on 10 March 2017, the English name of the Company has been changed from "Artini China Co. Ltd." to "Primeview Holdings Limited" and it has adopted a new Chinese name of "領視控股有限公司" with effect from 14 March 2017.

CHANGE OF AUDITOR

On 27 March 2018, the Company received a resignation letter from Moore Stephens CPA Limited ("Moore Stephens") as auditor of the Company with effect from 27 March 2018, as the Company takes consideration of their available internal resources in light of their current work flows. On the same day, the Company engaged BDO as the Company's auditor to fill the casual vacancy following Moore Stephens's resignation. Further details regarding the change of auditor are set out in the Company's announcement dated 29 March 2018.

CORPORATE GOVERNANCE

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

AUDITOR

The consolidated financial statements for the year ended 31 March 2016 and 2017 were audited by Asian Alliance (HK) CPA Limited and Moore Stephens respectively. The consolidated financial statements for the Year were audited by BDO.

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

By order of the Board

TSE HOI CHAU
Chairman

Hong Kong, 29 June 2018

Independent Auditor's Report

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To the shareholders of

Primeview Holdings Limited

(Incorporated in the Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Primeview Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 120, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the "BASIS FOR QUALIFIED OPINION" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(a) Revenue of E-commerce Business

During the year ended 31 March 2017, the Group had acquired the entire equity interest in Primeview Technology Limited ("PVT"), whose principal activity was developing and selling software related applications which could 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"). 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 the predecessor auditors with the relevant supporting documents for the Revenue of E-commerce Business for the year ended 31 March 2017. The Group abandoned the E-commerce Business during the year ended 31 March 2018.

Due to lack of supporting documents of the Revenue of E-commerce Business, the predecessor auditors 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, the predecessor auditors 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 during the year ended 31 March 2017.

In addition, the Group had recognised certain advertising expenses amounting to approximately HK$21,426,000 and subsequently reversed the same during the year ended 31 March 2017. The predecessor auditors were unable to satisfy themselves regarding the occurrence and completeness of the advertising expenses.

Among other limitations in their scope of work, the auditor disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017. The above-mentioned limitations remain unresolved in our audit of the consolidated financial statements for the year ended 31 March 2018. Our opinion on the consolidated financial statements for the year ended 31 March 2018 was also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

(b) Valuation and recoverability of goodwill and interests in subsidiaries relating to the E-commerce Business

As mentioned above, during the year ended 31 March 2017, the Group had acquired the E-commerce Business. The details of the acquisition of PVT are set out in Note 29(b) to the consolidated financial statements. The goodwill arising from the acquisition of PVT, amounting to approximately HK$149,647,000, had 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 relating to the E-commerce Business as at 31 March 2017. The impairment assessment had been performed by comparing the carrying amount and the recoverable amount of the E-commerce Business CGU. As a result of the impairment assessment, impairment loss was recognised by the Group to write down the goodwill relating to the E-commerce Business (the "E-commerce Business Goodwill") to HK$141,000,000. However, the predecessor auditors were unable to satisfy themselves as to whether the impairment of the E-commerce Business Goodwill of HK$8,647,000 recognised in the Group's profit or loss for the year ended 31 March 2017 was free from material misstatements.

The E-commerce Business was formally abandoned in September 2017. The management carried out assessment of impairment of the Group's E-commerce Business Goodwill and, as a result, impairment loss was recognised by the Group to fully write off the remaining E-commerce Business Goodwill of HK$141,000,000 for the year ended 31 March 2018.

Among other limitations in their scope of work, the auditor disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017. The above-mentioned limitation remain unresolved in our audit of the consolidated financial statements for the year ended 31 March 2018. Any adjustment to the carrying amount of the E-commerce Business Goodwill as at 31 March 2017 would affect the amount of write off recognised in consolidated profit or loss for the year ended 31 March 2018. As a result, we were unable to satisfy ourselves as to whether the impairment loss of the E-commerce Business Goodwill of HK$141,000,000 recognised in the Group's profit or loss for the year ended 31 March 2018 was free from material misstatements and the carrying amounts of E-commerce Business Goodwill as at 31 March 2018 and 31 March 2017 may not be comparable. Our opinion on the consolidated financing statements for the year ended 31 March 2018 was modified accordingly.

(c) Agency fee income

During the year ended 31 March 2017, the Group had made some sales of fashion accessories and considered that in substance the Group had 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 was Agency Fee Income of approximately HK$764,000 included as part of other income in the profit or loss. The Group has not acted as an agent in fashion accessories sales transaction in the year ended 31 March 2018.

Due to lack of supporting documents of the above, the predecessor auditors 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. Specifically, the predecessor auditors 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.

Among other limitations in their scope of work, the auditor disclaimed their opinion on the consolidated financial statements for the year ended 31 March 2017. The above-mentioned limitation remain unresolved in our audit of the consolidated financial statements for the year ended 31 March 2018. Our opinion on the consolidated financial statements for the year ended 31 March 2018 was modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "BASIS FOR QUALIFIED OPINION" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

Refer to Notes 16 and 17 to the consolidated financial statements

The carrying amount of the Group's IFAPB Goodwill and intangible assets as at 31 March 2018 was approximately HK$2,534,000 and HK$31,094,000 respectively.

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

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

Our response:

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

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2017 were audited by another auditor who disclaimed their audit opinion on those statements on 17 July 2017.

OTHER INFORMATION IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the matters described in the “BASIS FOR QUALIFIED OPINION” section of our report. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

DIRECTORS’ RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate Number: P05443
Hong Kong, 29 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	6	**59,719**	14,847
Cost of sales		**(38,646)**	(9,016)
Gross profit		**21,073**	5,831
Other income	7	**45**	809
Other gains and losses, net	8	**(141,656)**	3,266
Net gains on disposals of subsidiaries	30	**–**	516
Selling and distribution expenses		**(3,681)**	(341)
Administrative expenses		**(18,917)**	(22,752)
Finance costs	9	**(15)**	(24)
Loss before income tax	10	**(143,151)**	(12,695)
Income tax expense	13	**(1,888)**	(1,695)
Loss for the year		**(145,039)**	(14,390)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**5,850**	1,480
Other comprehensive income for the year, net of income tax		**5,850**	1,480
Total comprehensive expense for the year		**(139,189)**	(12,910)
Loss per share			
– Basic and diluted (HK$)	14	**(0.026)**	(0.004)

Consolidated Statement of Financial Position

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,230**	860
Goodwill	16	**2,534**	141,000
Intangible assets	17	**31,094**	–
Deposits paid	19	**–**	53,552
		34,858	195,412
CURRENT ASSETS			
Inventories	20	**1,776**	88
Trade and other receivables	21	**76,185**	45,061
Cash and bank balances	22	**45,033**	44,152
		122,994	89,301
CURRENT LIABILITIES			
Trade and other payables	23	**15,772**	5,730
Income tax payable		**9,397**	7,223
Amount due to a director		**258**	–
Obligations under finance lease – current portion	24	**177**	169
		25,604	13,122
NET CURRENT ASSETS		**97,390**	76,179
TOTAL ASSETS LESS CURRENT LIABILITIES		**132,248**	271,591
NON-CURRENT LIABILITY			
Obligations under finance lease – non-current portion	24	**45**	222
Deferred tax liabilities	18	**23**	–
		68	222
NET ASSETS		**132,180**	271,369
CAPITAL AND RESERVES			
Share capital	25	**55,198**	55,198
Reserves		**76,982**	216,171
TOTAL EQUITY		**132,180**	271,369

Approved and authorised for issue by the board of directors on 29 June 2018.

Tse Hoi Chau
Director

Lin Shao Hua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000 *(note (A))*	Translation reserve HK$'000	PRC statutory reserves HK$'000 *(note (B))*	Share-based payment capital reserve HK$'000	Accumulated Losses HK$'000	Total HK$'000
As at 1 April 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 for the year	–	–	–	1,480	–	–	(14,390)	(12,910)
Issue of shares in respect of Subscription *(as defined in Note 25(a))*	24,400	156,160	–	–	–	–	–	180,560
Issue of shares in respect of 2017 Placing *(as defined in Note 25(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 27)*	–	–	–	–	–	6,620	–	6,620
Lapse of share options	–	–	–	–	–	(764)	764	–
Transfer to PRC statutory reserves	–	–	–	–	795	–	(795)	–
As at 31 March 2017 and 1 April 2017	55,198	913,906	(19,518)	19,978	9,436	35,993	(743,624)	271,369
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(145,039)**	**(145,039)**
Other comprehensive income for the year, net of income tax	**–**	**–**	**–**	**5,850**	**–**	**–**	**–**	**5,850**
Total comprehensive income for the year	**–**	**–**	**–**	**5,850**	**–**	**–**	**(145,039)**	**(139,189)**
As at 31 March 2018	**55,198**	**913,906**	**(19,518)**	**25,828**	**9,436**	**35,993**	**(888,663)**	**132,180**

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 (2017: 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 (2017: 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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Loss before income tax	**(143,151)**	(12,695)
Adjustments for:		
Depreciation of property, plant and equipment	**313**	401
Amortisation of intangible assets	**15**	–
Finance costs recognised in profit or loss	**15**	24
Interest income recognised in profit or loss	**(45)**	(42)
Net gains on disposals of subsidiaries	**–**	(516)
Loss on disposals of property, plant and equipment	**–**	7
Impairment losses recognised in respect of goodwill	**141,000**	8,647
Reversal of impairment losses recognised in respect of inventories	**–**	(8,032)
Reversal of impairment losses recognised in respect of trade receivables, net	**–**	(1,919)
Written-off of property, plant and equipment	**92**	–
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
Operating cash flows before changes in working capital	**(1,761)**	(12,677)
Decrease in deposit paid	**22,552**	–
(Increase)/decrease in inventories	**(1,688)**	8,372
(Increase)/decrease in trade and other receivables	**(30,909)**	11,433
Increase/(decrease) in trade and other payables	**9,695**	(34,915)
Cash used in operations	**(2,111)**	(27,787)
Income taxes paid	**(37)**	(28)
NET CASH USED IN OPERATING ACTIVITIES	**(2,148)**	(27,815)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(769)**	–
Interest received	**45**	42
Acquisition of a subsidiary, net of cash acquired *(Note 29)*	**(2,283)**	(159,071)
Disposals of subsidiaries, net of cash disposed *(Note 30)*	**–**	38
NET CASH USED IN INVESTING ACTIVITIES	**(3,007)**	(158,991)

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES *(Note 37)*		
Proceeds from issue of shares	–	221,360
Transaction costs attributable to the issue of shares	–	(1,020)
Advance from a director	258	–
Repayments of obligations under finance lease	(169)	(160)
Interest paid on obligations under finance lease	(15)	(24)
NET CASH GENERATED FROM FINANCING ACTIVITIES	74	220,156
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,081)	33,350
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	44,152	10,858
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	5,962	(56)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Represented by cash and bank balances	45,033	44,152

1. GENERAL INFORMATION

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

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in development and sale of standard software related applications ("Software sales business"). Upon the completion of the acquisition of the entire equity interest in Magic B2B Limited ("MBB") and Guangzhou Magic Technology Limited ("MJGZ") on 31 October 2017, the Group is also engaged in wholesale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform (the "Integrated Fashion Accessories Platform Business"). Details of the business combination are set out in Note 29.

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

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

(a) Application of new, revised HKFRSs – effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated statement of cash flow, Note 37.

Except as discussed above, the adoption of these amendments has no material impact on the Group's financial statements.

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

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

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

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue Contracts with Customers[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

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.

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

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

HKFRS 9 – Financial Instruments (continued)

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.

- 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.

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

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

HKFRS 9 – Financial Instruments (continued)

- 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 of the Company have reviewed the Group's financial assets as at 31 March 2018 and anticipated that the application of HKFRS 9 in the future may result in early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost.

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

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

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

HKFRS 15 – Revenue from Contracts with Customers (continued)

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.

The directors of the Company anticipated that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Amendments to HKFRS 15 – 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.

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.

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

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

HKFRS 16 – Leases (continued)

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.

As at 31 March 2018, the Group had non-cancellable operating lease commitments of approximately HK$4,149,000 as disclosed in Note 28. A preliminary assessment indicated that these arrangement will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

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. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

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

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

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

(a) Business combination and basis of consolidation *(continued)*

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

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

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

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

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

(b) Subsidiaries

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

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

(c) Goodwill

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

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

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

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

(d) Revenue recognition

Revenue 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.

(e) 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.

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

(e) Leasing *(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.

(f) Foreign currencies

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

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

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

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

(f) Foreign currencies *(continued)*

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

(g) Retirement benefit costs

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

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

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

(i) Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

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

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

Share options granted to employees (continued)

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

Share options granted to suppliers/consultants

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

(j) Taxation

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

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

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

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

(j) Taxation *(continued)*

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

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

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

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

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

(k) Property, plant and equipment

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

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

(k) Property, plant and equipment *(continued)*

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

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

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

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

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

(l) Intangible assets (other than goodwill)

(i) Acquired intangible assets

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

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

Non-contractual customer lists and relationships	3 years

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

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

(l) Intangible assets (other than goodwill) *(continued)*

(ii) Impairment

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

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

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

(m) 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.

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

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

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.

(n) 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.

(o) 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.

(p) 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.

(i) 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.

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

(p) Financial instruments *(continued)*

(i) 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.

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

(p) Financial instruments *(continued)*

(i) 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.

(ii) 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.

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

(p) Financial instruments *(continued)*

(iii) Effective interest method

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

(iv) 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.

(q) Cash and cash equivalents

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

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

(r) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) 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.

(i) 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.

(b) Key sources of estimation uncertainty

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

(i) Impairment of trade and other receivables

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.

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

(b) Key sources of estimation uncertainty *(continued)*

(ii) Estimated impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the current year, an impairment loss on goodwill amounting to HK$141,000,000 (2017: HK$8,647,000) has been recognised. Further details are set out in Note 16.

(iii) Deferred tax assets

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

(iv) Estimation of income taxes

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

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

(b) Key sources of estimation uncertainty *(continued)*

(v) 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.

6. REVENUE AND SEGMENT INFORMATION

Information reported to the board of Directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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 CODM, for the purposes of resource allocation and assessment of segment performance.

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

Integrated Fashion Accessories Platform Business	Wholesale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform
Software Sales Business	Development and sale of standard software related applications
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

6. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

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

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

	E-commerce Business HK$'000	CDM Sales HK$'000	Integrated Fashion Accessories Platform Business HK$'000	Software sales business HK$'000	Unallocated HK$'000	Consolidated HK$'000
Year ended 31 March 2018						
Revenue						
Segment revenue – external sales	–	–	51,320	8,399	–	59,719
Results						
Segment results	(275)	(1,420)	9,100	6,136	–	13,541
Unallocated income						45
Impairment loss of goodwill						(141,000)
Unallocated expenses						
– Selling expenses						(399)
– Auditor's remuneration						(1,100)
– Rental expenses						(748)
– Salaries and retirement benefit scheme						(4,439)
– Other professional fee						(6,042)
– Other unallocated expenses						(2,994)
– Finance cost						(15)
Loss before income tax						(143,151)
Assets						
Segment assets	368	29,717	30,358	53,500		113,943
Unallocated assets						
– Property, plant and equipment						428
– Trademark						31,094
– Other receivables, prepayment and deposit						236
– Cash and bank						12,151
Total assets						157,852
Liabilities						
Segment liabilities	(11,053)	–	(11,383)	(367)		(22,803)
Unallocated liabilities						
– Accrued charges						(2,401)
– Finance lease						(222)
– Deferred tax liabilities						(23)
– Others						(223)
Total liabilities						(25,672)
Other information						
Depreciation of property, plant and equipment	154	–	–	–	159	313
Amortisation of intangibles assets	–	–	–	–	15	15
Impairment losses on goodwill	–	–	–	–	141,000	141,000
Written-off of property, plant and equipments	–	–	–	92	–	92

6. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

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

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

	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					
– Auditor's remuneration					(892)
– Rental expenses					(368)
– Salaries and retirement benefit scheme					(4,670)
– Other professional fee					(4,401)
– Other unallocated expenses					(24,476)
– Finance cost					(23)
Loss before income tax					(12,695)
Assets					
Segment assets	31,920	24,384	23,404		79,708
– Property, plant and equipment					31,595
– Other receivables, prepayment and other deposit					142,313
– Cash and bank					31,097
Total assets					284,713
Liabilities					
Segment liabilities	(51)	(11,053)	(530)		(11,634)
– Accrued charges					(588)
– Finance leases					(391)
– Others					(731)
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 recognized 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.

6. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

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

The accounting policies of the above reportable and operating segments are the same as the Group's accounting policies described in Note 4.

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales transactions between the Group's subsidiaries in the different segments during the years ended 31 March 2018 and 2017.

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:

	2018 **HK$'000**	2017 HK$'000
Hong Kong and Macao	**–**	800
The PRC, other than Hong Kong and Macao	**10,254**	14,047
Russia	**24,928**	–
America	**14,337**	–
Asian	**2,235**	–
Africa	**1,569**	–
Europe	**3,344**	–
Middle East	**2,057**	–
Australia	**995**	–
	59,719	14,847

6. REVENUE AND SEGMENT INFORMATION *(continued)*

b. Segment information *(continued)*

ii. Geographical information *(continued)*

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

	2018 **HK$'000**	2017 HK$'000
Hong Kong and Macao	**591**	141,772
The PRC, other than Hong Kong and Macao	**34,267**	53,640
	34,858	195,412

c. Information about major customers

The following table sets a breakdown of the Group's customers individually accounted for over 10% of the Group's total revenue. No customer contributed over 10% of the Group revenue during the year:

	Reportable and operating segments	**2018** **HK$'000**	2017 HK$'000
Customer A	Retailing and Distribution	**–**	7,227
Customer B	E-commence business	**–**	2,000
Customer C	E-commerce business	**–**	1,800

7. OTHER INCOME

	2018 **HK$'000**	2017 HK$'000
Agency fee income	**–**	764
Interest income	**45**	42
Others	**–**	3
	45	809

8. OTHER GAINS AND LOSSES, NET

	2018 HK$'000	2017 HK$'000
Other gains and losses, net comprise of:		
Net exchange losses	**(564)**	(3,210)
Impairment losses on goodwill	**(141,000)**	(8,647)
Reversal of impairment losses recognised in respect of inventories	**–**	8,032
Reversal of impairment losses recognised in respect of trade receivables	**–**	1,919
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	**(92)**	–
	(141,656)	3,266

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on obligations under finance lease	**15**	24

10. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2018 HK$'000	2017 HK$'000
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	**6,705**	5,580
Share-based payment expenses for the Directors and employees	**–**	873
Contributions to defined contribution retirement plans	**273**	140
	6,978	6,593
Cost of inventories recognised as an expense	**38,646**	8,460
Depreciation of property, plant and equipment	**313**	401
Amortisation of intangible assets	**15**	–
Share-based payment expenses for consultants	**–**	5,747
Auditor's remuneration		
– Audit services	**1,100**	850
– Non-audit services	**700**	42
Operating lease charges in respect of office premises	**953**	801

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

a. Directors' and chief executive's emoluments

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

	Directors' fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Share-based payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2018					
Executive directors					
Mr. Tse Hoi Chau	–	1,360	14	–	1,374
Mr. Lin Shao Hua	–	210	–	–	210
Mr. Leung Yiu Cho	–	910	18	–	928
Ms. Yu Zhonglian	–	130	6	–	136
Independent non-executive directors					
Mr. Lau Fai Lawrence	120	–	–	–	120
Mr. Lau Yiu Kit	120	–	–	–	120
Mr. Zeng Zhaohui	120	–	–	–	120
	360	2,610	38	–	3,008
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 (i))*	–	760	20	247	1,027
Ms. Yu Zhonglian *(note (ii))*	–	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

Notes:

i. 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.

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

11. 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 2018 and 31 March 2017.

During the years ended 31 March 2018 and 31 March 2017, 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 2018 and 31 March 2017.

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 (2017: four) are Directors for the year ended 31 March 2018, details of whose emoluments are included in the disclosure in Note 11(a) above.

The emoluments of the remaining individual (2017: remaining individual) was as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and benefits in kind	**340**	182
Retirement benefit scheme contributions	**12**	6
Share-based payments	**–**	244
	352	432

The emoluments of the individual (2017: an individual) with the highest emoluments is/are within the following band:

	2018 **HK$'000**	2017 HK$'000
Nil to HK$1,000,000	**1**	1

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

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

13. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax		
– Current year	–	630
– Under/(over)-provision in prior years	37	(82)
	37	548
PRC Enterprise Income Tax ("PRC EIT")		
– Current year	1,855	1,147
Deferred tax		
– Current year	(4)	–
Income tax expense	1,888	1,695

Hong Kong Profits Tax is calculated at the rate of 16.5% (2017: 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% (2017: 25%) for the year.

Artini 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 2018 and 31 March 2017.

13. INCOME TAX EXPENSE *(continued)*

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

	2018 **HK$'000**	2017 HK$'000
Loss before income tax expense	**(143,151)**	(12,695)
Tax calculated at the rate applicable to the tax jurisdictions concerned	**(21,662)**	(1,443)
Tax effect of expenses not deductible for tax purposes	**23,326**	11,182
Tax effect income not taxable for tax purposes	**–**	(5,085)
Tax effect of deductible temporary differences not recognised	**(36)**	6
Utilisation of tax losses previously not recognised	**(1,013)**	(2,863)
Tax effect of tax losses not recognised	**1,236**	–
Under/(over)-provision in prior years	**37**	(82)
Tax effect of utilisation of tax losses previously not recognised		–
Others	**–**	(20)
Income tax expense	**1,888**	1,695

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK$145,039,000 (2017: HK$14,390,000) and the weighted average of approximately 5,519,840,000 (2017: approximately 3,647,430,000) 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 2018 and 31 March 2017 as the exercise of outstanding share options during the years would have anti-dilutive effect on the loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost					
As at 1 April 2016	2,044	40	28	6,084	8,196
Exchange adjustments	–	–	–	(109)	(109)
Acquire on business combination *(Note 29(b))*	–	475	–	–	475
Written-off	(150)	–	(12)	–	(162)
As at 31 March 2017 and 1 April 2017	**1,894**	**515**	**16**	**5,975**	**8,400**
Additions	**716**	**24**	**29**	**–**	**769**
Exchange adjustments	**–**	**3**	**–**	**–**	**3**
Acquired on business combination *(Note 29(a))*	**–**	**39**	**–**	**–**	**39**
Written-off	**(1,894)**	**(40)**	**(16)**	**(2,195)**	**(4,145)**
As at 31 March 2018	**716**	**541**	**29**	**3,780**	**5,066**
Accumulated depreciation and impairments					
As at 1 April 2016	1,980	40	20	5,271	7,311
Exchange adjustments	–	–	–	(98)	(98)
Acquire on business combination *(Note 29(b))*	–	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 and 1 April 2017	**1,894**	**185**	**16**	**5,445**	**7,540**
Acquired on business combination *(Note 29(a))*	**–**	**36**	**–**	**–**	**36**
Provided for the year	**29**	**159**	**4**	**121**	**313**
Written-off	**(1,894)**	**(38)**	**(16)**	**(2,105)**	**(4,053)**
As at 31 March 2018	**29**	**342**	**4**	**3,461**	**3,836**
Carrying amounts					
As at 31 March 2018	**687**	**199**	**25**	**319**	**1,230**
As at 31 March 2017	–	330	–	530	860

As at 31 March 2018, the carrying amount of motor vehicle included an amount of approximately HK$321,000 (2017: HK$530,000) in respect of assets held under finance lease (Note 24).

16. GOODWILL

	HK$'000
Cost	
As at 1 April 2016	–
Acquisition of a subsidiary *(Note 29(b)) (Note (a))*	149,647
As at 31 March 2017 and 1 April 2017	149,647
Acquisition of a subsidiaries *(Note 29(a)) (Note (b))*	2,534
As at 31 March 2018	**152,181**
Impairments	
As at 1 April 2016	–
Impairment losses recognised in the year *(Note 8) (Note (a))*	8,647
As at 31 March 2017 and 1 April 2017	8,647
Impairment losses recognised in the year *(Note 8) (Note (a))*	141,000
As at 31 March 2018	**149,647**
Carrying amount	
As at 31 March 2018	**2,534**
As at 31 March 2017	141,000

Notes:

(a) Goodwill arises from acquisition of Primeview Technology Limited ("PVT") on 31 October 2016 (note 29(b)). The goodwill is allocated to the cash generating unit ("CGU") of the E-commerce Business.

During the year ended 31 March 2018, the management has determined that an impairment loss of HK$141,000,000 in relation to goodwill allocated to the CGU of the E–commerce Business as the business was inactive since the resignation of PVT's management during the year and the recoverable amount of the CGU is less than its carrying amount. The management does not expect PVT to operate at a profit in the foreseeable future. The estimated recoverable amount of the CGU is determined from fair value less cost of disposal calculation by reference to the valuation carried out by an external independent valuer by using market approach. The valuer assumed that the carrying amount of the PVT's current assets and current liabilities were almost equal to their fair value, and it is considered that the recoverable amount of the CGU of the E-commerce Business as a whole was approximately HK$13,000,000, which is HK$141,000,000 less than its carrying amount. Except for the goodwill, the major assets of the CGU of the E-commerce Business was cash and bank balances, property, plant and equipment, and receivables from fellow subsidiaries, which recoverable amounts were almost the same as their carrying amount, therefore, no impairment loss on the other assets is recognised.

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 as the recoverable amount of the CGU was less than its carrying amount.

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

	2017
Discount rate	16.46%
Operating margin	91-93%
Growth rate within the five-year period	10%

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

16. GOODWILL *(continued)*

Notes: (continued)

(b) Goodwill arises from acquisition of MBB and MJGZ on 31 October 2017 (note 29(a)). This goodwill is allocated to the CGU of Integrated Fashion Accessories Platform Business.

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

	2018 MBB	2018 MJGZ
Discount rate	13.67%	16.56%
Operating margin	24.14-25.77%	20.50-21.55%
Growth rate within the five-year period	3.00-20.51%	3.00-7.62%

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

17. INTANGIBLE ASSETS

	Trademarks HK$'000 *(note (a))*	Licence rights HK$'000 *(note (b))*	Customer list HK$'000 *(note (b))*	Total HK$'000
Cost				
As at 1 April 2016 and 31 March 2017	1,840	14,048	–	15,888
Addition	31,000	–	–	31,000
Addition through business combination *(Note 29(a))*	–	–	109	109
Written-off	–	(14,048)	–	(14,048)
As at 31 March 2018	**32,840**	**–**	**109**	**32,949**
Accumulated amortisation and impairments				
As at 1 April 2016 and 31 March 2017	**1,840**	**14,048**	**–**	**15,888**
Amortisation	**–**	**–**	**15**	**15**
Written-off	**–**	**(14,048)**	**–**	**(14,048)**
As at 31 March 2018	**1,840**	**–**	**15**	**1,855**
Carrying amount				
As at 31 March 2018	**31,000**	**–**	**94**	**31,094**
As at 31 March 2017	–	–	–	–

Notes:

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

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

18. DEFERRED TAXATION

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

	Revaluation of intangible assets HK$'000
As at 1 April 2017	–
Acquisitions through business combination *(Note 29(a))*	27
Credit to profit or loss *(Note 13)*	(4)
As at 31 March 2018	**23**

As at 31 March 2018, the Group has deductible temporary difference of approximately HK$248,000 (2017: HK$17,000) 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 2018, the Group has unused tax losses of approximately HK$60,027,000 (2017: HK$69,373,000) 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$48,345,000 (2017: HK$57,691,000) will expire in the coming few years.

19. DEPOSITS PAID

	Notes	**2018 HK$'000**	2017 HK$'000
Deposits paid in respect of:			
– Acquisition of properties	*a*	–	22,552
– Acquisition of trademarks	*b*	–	31,000
		–	53,552

19. DEPOSITS PAID *(continued)*

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.

During the year ended 31 March 2018, 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 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. On 12 June 2017, the titles of the Trademarks have been transferred to the Group, and thus, the amount was reclassified as intangible assets (Note 17).

20. INVENTORIES

	2018 **HK$'000**	2017 HK$'000
Finished goods	**1,776**	88

A provision of HK$8,032,000 made in prior years against the carrying amount of finished goods have been reversed during the year ended 31 March 2017. This reversal arose due to sales of the fashion accessories products during the year ended 31 March 2017. No provision or reversal of impairment loss on inventories is made during the year ended 31 March 2018.

21. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	16,155	43,384
Less: Allowances	(15,257)	(15,257)
Trade receivables, net	898	28,127
Rental deposits	243	144
Trade Deposit paid	20,960	–
Prepayments	219	41
Other receivables, net of allowances	53,865	16,749
	75,287	16,934
	76,185	45,061

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 2018, included in other receivables were receivables from a few independent third parties. All these balances have been fully settled subsequently.

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 during the financial reporting period.

The Group generally allows an average credit period of 30 to 180 days (2017: 30 to 180 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:

	2018 HK$'000	2017 HK$'000
0 – 30 days	882	2,000
31 – 60 days	10	1,800
61 – 90 days	6	15,767
91 – 180 days	–	8,560
	898	28,127

21. TRADE AND OTHER RECEIVABLES *(continued)*

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

	2018 **HK$'000**	2017 HK$'000
Within 30 days past due	**6**	9,767
31 – 60 days past due	**–**	4,550
91 – 180 days past due	**–**	3,000
181 – 365 days past due	**–**	7,010
	6	24,327

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

	2018 **HK$'000**	2017 HK$'000
As at beginning of the year	**15,257**	17,177
Reversal of provision for impairment	**–**	(1,919)
Exchange adjustments	**–**	(1)
As at end of the year	**15,257**	15,257

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:

	2018 **HK$'000**	2017 HK$'000
RMB	**898**	–

22. CASH AND BANK BALANCES

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**45,033**	44,152

As at 31 March 2018, the Group's bank balances carry interest at market rates ranged from 0.001% to 0.213% (2017: 0.001% to 0.213%) 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:

	2018 HK$'000	2017 HK$'000
Currency:		
RMB	**6,748**	750

23. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**3,111**	779
Receipts in advance	**3,624**	57
Value-added tax and other tax payables	**2,540**	1,236
Payrolls and staff cost payables	**315**	201
Other payables	**6,182**	3,457
	15,772	5,730

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 (2017: 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:

	2018 HK$'000	2017 HK$'000
Within 3 months	**1,489**	88
Over 1 year	**1,622**	691
	3,111	779

23. TRADE AND OTHER PAYABLES *(continued)*

During the year ended 31 March 2017, the directors of the Company identified certain trade payables and other payables, amounting to approximately HK$2,604,000 and HK$5,266,000, respectively, and considered these 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.

24. OBLIGATIONS UNDER FINANCE LEASE

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

	2018		2017	
	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	**177**	**183**	169	184
– Within a period of more than one year but not more than two years	**45**	**45**	177	183
– Within a period of more than two years but not more than five years	**–**	**–**	45	45
	222	**228**	391	412
Less: Total future finance charges	**–**	**(6)**	–	(21)
	222	**222**	391	391
Less: Amount due for settlement within one year shown under current liabilities	**(177)**		(169)	
Amount due for settlement after 12 months	**45**		222	

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

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

25. SHARE CAPITAL

	2018		2017	
	Number of shares HK$'000	Amount HK$'000	Number of shares HK$'000	Amount HK$'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	**5,519,840**	**55,198**	2,569,840	25,698
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
As at end of the year	**5,519,840**	**55,198**	5,519,840	55,198

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 29 (b).

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.

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 places (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. All the new shares issued during the year ended 31 March 2017 rank pari passu with the then existing shares of the Company in all respects.

26. RETIREMENT BENEFIT SCHEMES

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

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

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

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

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

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

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

Name of category of participant	Particulars	Date of grant	Exercise price HK$	Exercise period	As at beginning of the year	Lapsed during the year	Cancelled during the year	As at end of the years
Year ended 31 March 2018								
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	6,000,000	–	–	6,000,000
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	500,000	–	–	500,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	500,000	–	–	500,000
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	7,500,000	–	–	7,500,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	7,500,000	–	–	7,500,000
Employees	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	1,000,000	(1,000,000)	–	–
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	1,000,000	(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
					361,771,200	(2,000,000)	–	359,771,200
Weighted average exercise prices					0.2014	–	–	0.2014

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

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

Name of category of participant	Particulars	Date of grant	Exercise price HK$	Exercise period	As at beginning of the year	Lapsed during the year	Cancelled during the year	As at end of the years
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	6,000,000	–	–	6,000,000
	Tranche K *(note (b))*	9 July 2015	0.147	9 July 2015 to 8 July 2020	500,000	–	–	500,000
	Tranche L *(note (b))*	9 July 2015	0.147	9 July 2016 to 8 July 2020	500,000	–	–	500,000
	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	7,500,000	–	–	7,500,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	7,500,000	–	–	7,500,000
Employees	Tranche M *(note (c))*	27 November 2015	0.1488	27 November 2015 to 26 November 2020	1,000,000	–	–	1,000,000
	Tranche N *(note (c))*	27 November 2015	0.1488	27 November 2016 to 26 November 2020	1,000,000	–	–	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
					361,771,200	–	–	361,771,200
Weighted average exercise prices					0.2014	–	–	0.2014

27. 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 2018, 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 (2017: 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.

27. 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 2018, the outstanding options granted on 28 March 2014 had an exercise price of HK$0.4709 (2017: HK$0.4709 (after the adjustment of Share Consolidation and Open Offer)) and a weighted average remaining contractual life of 0.99 years (2017: 1.99 years).

As at 31 March 2018, the outstanding options granted on 9 July 2015 had an exercise price of HK$0.147 and a weighted average remaining contractual life of 2.27 years (2017: 3.27 years).

As at 31 March 2018, the outstanding options granted on 27 November 2015 had an exercise price of HK$0.1488 and a weighted average remaining contractual life of 2.66 years (2017: 3.66 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 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$377,000 (2017: HK$872,000) for the year ended 31 March 2018 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 nil (2017: HK$5,748,000) for the year ended 31 March 2018 in relation to the share option granted to the consultants.

27. 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
Rick-free rate (based on Hong Kong Exchange Fund Notes) (%)	1.129%	1.129%	1.053%	1.053%
Expected dividend yield (%)	0%	0%	0%	0%
Fair value	2,368,000	2,462,000	9,105,000	9,627,000

The expected volatility was based on the historical volatility of the share price of the Company and comparable companies. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and 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 2018, the Company had 361,771,200 (2017: 362,442,600) 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 361,771,200 (2017: 362,442,600) additional ordinary shares of the Company and additional share capital of approximately HK$3,618,000 (2017: HK$3,624,000) and share premium of approximately HK$29,700,000 (2017: HK$29,977,000) (before the cost of issuance).

28. OPERATING LEASE COMMITMENTS

a. Operating leases

The Group as lessee

	2018 HK$'000	2017 HK$'000
Minimum lease payments paid under operating leases during the year in respect of office premises, shops and Directors; quarters	953	801

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:

	2018 HK$'000	2017 HK$'000
Within one year	1,766	753
In the second to the fifth years, inclusive	2,383	171
	4,149	924

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 (2017: one to two 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.

29. BUSINESS COMBINATION

(a) Acquisition of the entire equity interests of companies providing online product listing and wholesale services

On 31 October 2017, China Regent Investments Limited ("CRL"), a wholly-owned subsidiary of the Company, completed the acquisition of the entire equity interest in Guangzhou Wei Ya Smart Technology Limited (廣州唯亞智能科技有限公司) ("Wei Ya Guangzhou") and Viennois Online Limited ("Viennois Hong Kong") from Mr. Tse Chi Ho, an associate of Mr. Tse Hoi Chau being a director of the Company, (the "Vendor A") for an aggregate consideration of HK$2,500,000 (the "Acquisition A"). The principal business of Wei Ya Guangzhou and Viennois Hong Kong is engaged in operating online platforms providing fashion jewellery products listing services (including marketing artwork design, photo-taking) to business customers in both the PRC and other regions who are mainly fashion accessories manufacturers. After the completion of acquisition, Wei Ya Guangzhou and Viennois Hong Kong are renamed as Guangzhou Magic Technology Limited (廣州市碼吉科技有限公司) ("MJGZ") and Magic B2B Limited ("MBB") respectively.

Further details of the above transactions are set out in the Company's announcements dated 18 October 2017.

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

	MJGZ Carrying amount HK$'000	MBB Carrying amount HK$'000	Total Carrying amount HK$'000	Fair value HK$'000
Property, plant and equipment	3	–	3	3
Intangible assets	–	–	–	109
Deferred tax liabilities	–	–	–	(27)
Trade and other receivables	6	209	215	215
Cash and cash equivalents	11	206	217	217
Trade and other payables	(236)	(111)	(347)	(347)
Income tax payable	–	(204)	(204)	(204)
Total identifiable net assets acquired	(216)	100	(116)	(34)
Goodwill				2,534
Purchase consideration				2,500
Net cash outflow arising on the Acquisition:				
Cash consideration				(2,500)
Cash and cash equivalents acquired				217
				(2,283)

29. BUSINESS COMBINATION *(continued)*

(a) Acquisition of the entire equity interests of companies providing online product listing and wholesale services *(continued)*

On 18 October 2017, the acquisition of MJGZ and MBB is for the diversification of the Group's business and the managements considered goodwill arising from the Acquisition A is attributable to the knowledge and experience of the management of MJGZ and MBB which is valuable to the development and expansion of the integrated fashion accessories platform business.

Revenue generated by MJGZ and MBB since the date of its Acquisition A up to 31 March 2018 amounted to HK$51,320,000 and it made an operating profits of HK$9,125,000 during that period. Had the Acquisition A 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$66,710,000 and HK$142,480,000 respectively. The cost of the Acquisition A is immaterial.

(b) 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.

29. BUSINESS COMBINATION *(continued)*

(b) Acquisition of the entire equity interests of PVT *(continued)*

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)
Total identifiable 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 acquired		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.

30. DISPOSAL OF SUBSIDIARIES

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. 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 2018 and 31 March 2017, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	2018 **HK$'000**	2017 HK$'000
Short-term employee benefits:		
Salaries and other benefits	**2,970**	5,236
Post-employment benefits:		
Share-based payments	**–**	841
Retirement benefit scheme contributions	**38**	58
	3,008	6,135

c. Amount due to a director

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

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		**62,449**	56,679
CURRENT ASSETS			
Cash and bank balances		**1,400**	29,491
CURRENT LIABILITIES			
Amounts due to subsidiaries		**–**	14,822
Other payables		**2,401**	1,168
		2,401	15,990
NET CURRENT (LIABILITIES)/ASSETS		**(1,001)**	13,501
NET ASSETS		**61,448**	70,180
CAPITAL AND RESERVES			
Share capital		**55,198**	55,198
Reserves	*a*	**6,250**	14,982
TOTAL EQUITY		**61,448**	70,180

Approved and authorised for issue by the board of directors on 29 June 2018.

Tse Hoi Chau	**Lin Shao Hua**
Director	*Director*

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

Note a:

Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 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 25(a))*	156,160	–	–	–	156,160
Issuance of shares upon 2017 Placing *(Note 25(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 27)*	–	–	6,620	–	6,620
Lapse of share options	–	–	(764)	764	–
As at 31 March 2017 and 1 April 2017	913,906	133,424	35,993	(1,068,341)	14,982
Loss and total comprehensive expense for the year	–	–	–	(8,732)	(8,732)
As at 31 March 2018	**913,906**	**133,424**	**35,993**	**(1,077,073)**	**6,250**

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

33. CAPITAL MANAGEMENT

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

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

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

34. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables:		
– Trade and other receivables	**75,966**	45,020
– Cash and bank balances	**45,033**	44,152
	120,999	89,172
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade and other payables	**12,148**	5,672
– Obligations under finance lease	**222**	391
	12,370	6,063

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.

c. Market risk

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

- Interest rate risk management

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

34. FINANCIAL INSTRUMENTS *(continued)*

c. Market risk *(continued)*

- Foreign currency risk management

Foreign currency risk is the risk that the holding of monetary assets and liabilities and entering into transactions denominated in foreign currencies which will affect the Group's financial position and performance as a result of a change in foreign currency 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:

	2018 HK$'000	2017 HK$'000
Assets		
United Stated Dollars ("US$")	1,541	16,764
Renminbi ("RMB")	76,249	9,746
Liabilities		
RMB	6,002	9,203
Net assets (liabilities)		
US$	1,541	16,764
RMB	70,247	543

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.

34. FINANCIAL INSTRUMENTS *(continued)*

c. Market risk *(continued)*

- Foreign currency risk management *(continued)*

	Increase (decrease) in RMB rate %	Increase (decrease) in post-tax loss HK$'000
Year ended 31 March 2018		
If HK$ weakens against RMB	5	(3,512)
If HK$ strengthens against RMB	(5)	3,512
Year ended 31 March 2017		
If HK$ weakens against RMB	5	(18)
If HK$ strengthens against RMB	(5)	8

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.

d. Credit risk management

As at 31 March 2018, 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.

34. FINANCIAL INSTRUMENTS *(continued)*

d. Credit risk management *(continued)*

As at 31 March 2018, the Group has concentration of credit risk as the Group's net trade receivables of HK$880,000 (2017: HK$24,643,000) of the carrying amounts of the Group's net trade receivables, representing 97.97% (2017: 87.61%) of such receivables, were derived from one customer in Integrated Fashion — Accessories Platform Business segment with a total net trade receivables of HK$880,000 (2017: HK$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.

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.

34. FINANCIAL INSTRUMENTS *(continued)*

e. Liquidity risk management *(continued)*

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

	Weighted average interest rate %	On demand or within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
At 31 March 2018					
Trade and other payables	–	14,150	1,622	15,772	15,772
Obligations under finance lease	2%	184	45	229	222
Amount due to a director	–	258	–	258	258
	–	14,592	1,667	16,259	16,252
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

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.

35. EVENTS AFTER REPORTING PERIOD

Delisting stage

On 4 May 2018, the Company received a letter from The Stock Exchange of Hong Kong Limited informing its decision to place the Company into second delisting stage under Practice Note 17 of the listing rule. Further details are set out in the Company announcement dated 13 April 2018 and 7 May 2018.

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 2018	2017	Proportion of voting power held by the Company 2018	2017	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								
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	MOP200,000	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	HK410,000	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 US1 each	Investment holding
Keon Company Limited	Hong Kong	Hong Kong	–	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 a)*	The PRC	The PRC	100	100	100	100	HK$200,000,000	Retailing of fashion accessories
Primeview Technology Limited	Hong Kong	The PRC	100	100	100	100	HK$170,000	Developing and selling software related to e-commerce
Grand Joy Finance Limited	Hong Kong	Hong Kong	100	–	100	–	HK$1,000	Inactive
Grand Rich Asset Management Limited	Hong Kong	Hong Kong	100	100	100	100	HK$120,000	Inactive
Grand Rich Future Limited	Hong Kong	Hong Kong	100	100	100	100	HK$5,000,100	Inactive
Grand Rich Securities Limited	Hong Kong	Hong Kong	100	100	100	100	HK$10,000,000	Inactive
Huan Hai Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US$1 each	Investment holding
Best Sign Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US$1 each	Inactive
Ho Easy Limited	BVI	Hong Kong	100	100	100	100	1 ordinary share of US$1 each	Investment holding
Richchain Limited	Samoa	Hong Kong	100	100	100	100	1 ordinary share of US$1 each	Investment holding
Guangzhou Magic Technology Limited	The PRC	The PRC	100	–	100	–	CNY$1,000,000	Operation of online platforms
Magic B2B Limited	Hong Kong	Hong Kong	100	–	100	–	HK$100,000	Operation of online platforms
Guangzhou Primeview Technology Limited	The PRC	The PRC	100	–	100	–	CNY$500,000	Inactive
Shenzhen Primeview Technology Limited	The PRC	The PRC	100	–	100	–	CNY$100,000	Inactive

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)*

Note:

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

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

37. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Amount due to a director HK$'000	Finance leases *(Note 24)* HK$'000
At 1 April 2017	–	551
Changes from cash flows:		
Capital element of finance lease rentals paid	–	(160)
Total changes from financing cash flows:	–	(160)
Other changes:		
Interest paid on obligations under finance lease	–	(24)
Total other changes	–	(24)
At 31 March 2017 and 1 April 2017	–	391
Changes from cash flows:		
Capital element of finance lease rentals paid	–	(169)
Advance from a director	(258)	–
Total changes from financing cash flows:	(258)	(169)
Other changes:		
Interest paid on obligations under finance lease	–	(15)
Total other changes	–	(15)
At 31 March 2018	(258)	222